

UNIVERSITY FOR DEVELOPMENT STUDIES

**ACCESS TO MICROCREDIT AND THE SOCIO-ECONOMIC
EMPOWERMENT OF WOMEN IN COMMERCIAL SHEA BUTTER
EXTRACTION AT SAWLA**

BY

MOSHIE ZAKARIA EWURA

**A THESIS SUBMITTED TO THE DEPARTMENT OF BUSINESS STUDIES,
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**This thesis submitted to the Department of Business Studies, Faculty of Education, Law
and Business Studies, University for Development Studies in partial fulfillment of
the requirements for the award of Master of Arts Degree in Business Planning and
Microfinance Management.**

AUGUST, 2013



DECLARATION

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere:

Moshie Zakaria Ewura

.....


12-11-13
.....

Candidate's Name

Signature

Date

Supervisor's Declaration

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University for Development Studies.

Mr. Joseph Kofi Nkuah

.....

.....

Supervisor's Name

Signature

Date



ABSTRACT

The empowerment of women is a global challenge and a critical issue that confronts continents, nations as well as sub-regions. Over the years, several attempts have been made internationally and nationally to address this issue worldwide. This research was undertaken to explore access to microcredit and the socio-economic empowerment of women in commercial Shea butter extraction at Sawla. This study used a mixture of both qualitative and quantitative approaches to ensure that relevant and adequate data about the characteristic of the sample size is gathered for analysis and interpretation. The target population was women in commercial Shea butter extraction. A total of forty-eight women were listed with twenty-nine sampled for the study. The findings showed that, the respondents lack access to credit, as the majority of 69% of them do not have access to microcredit. Hence, they are unable to derive the benefits of having access to microcredit that can lead to their socio-economic empowerment. It was revealed that those who have access to credit mostly borrow from family members and friends, some times in the form of trade credit. The study also identified: cumbersome application procedures; delay in approving loans; disappointments; small loan size; provision of collateral and high interest rates as challenges faced by respondents in accessing microcredit.



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DEDICATION

I dedicate this work to my wife, Alimatu Zakaria, my sons, Bushiran and Mohammed for respecting my study time and also to my late father, Mr. Bamutu Moshie for his initiative to enroll me into formal education.



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CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

The empowerment of women is a global challenge and a critical issue that confronts continents, nations as well as sub-regions. Over the years, several attempts have been made internationally and nationally to address this issue worldwide. It was against this backdrop that the United Nations' Millennium Development Goals (MDGs) were formulated in the year 2000 to let member nations recognize issues of women empowerment as paramount. Justifiably, the third MDG highlights on empowering women worldwide through various means possible (UN, 2000; CGAP, 2005; UN Women, 2011). Also, the World Bank's strategy for supporting the Millennium Development Goals (MDGs) to reduce poverty was to increase access to sustainable financial services by the poor (Byain, 2003; as cited in Olive Cocoman, 2009).

Women's empowerment is an expansion in the range of potential choices available to women (Kabeer, 2001). It is believed that the poor and vulnerable people, especially women should have the chance and assistance to tackle their own poverty irrespective of where they live in the world. What is required to do this is a fair access to financial services, example credit. Access to credit is seen as the best social outcome possible for the world's poor and vulnerable; especially women to enable them create wealth, alleviate poverty and become sustainably self-reliant (Julia M. et al, 2011).



In a related development, Malhotra et al (2002), argued that access to microcredit can bring about changes in individual attitudes of women in the area of increased self-reliance, control over household resources and social status. The inter-linkages between microcredit and women's empowerment exist in different dimensions.

The financial sustainability as well as the feminist empowerment dimensions emphasizes women's income-earning activities, whereas the poverty alleviation dimension emphasizes the effect of household expenditure and the use of loans for consumption purposes (Mayoux, 2006).

Microfinance activities have spread across the world reaching several poor households with financial services. About 133-190 million people borrow from microfinance institutions worldwide (Jos Vaessen et al 2010:3). Formerly, microfinance meant microcredit for working capital and very small investments but has broadened to include savings, micro-insurance and credit products for larger investments (Ana Rivas, 2010). This study is focused on microcredit which is an aspect of microfinance that makes up a larger proportion of microfinance activities across the world.

Although microcredit is not a solution to poverty, it can be a powerful tool for development and a potential way out of the poverty cycle (Jos Vaessen et al, 2010, p.3; Gloria et al, 2010, p.2). Indeed, Cocoman et al (2009) adds that it is a viable tool for reducing poverty of rural women.

Recognizing the role of microcredit in the empowerment of women, the United Nations in 1998 declared the year 2005 as the “International Year of Microcredit” (UN, 1999). During the launch of the International Year of Microcredit in 2005, it was stated that sustainable access to microfinance helps reduce poverty by generating income, creating jobs and empowering people to make a choice that best serve their needs (Kofi Annan, 2003 as cited in Johnson et al, 2007).

Women empowerment is an issue of great concern to many countries including Ghana. This research explored access to microcredit and its socio-economic empowerment of women in commercial shea-butter extraction in Sawla and discussed the following; Background of the study, Statement of the problem, Research questions, Research aim and specific objectives, Limitations and Delimitations, Organization of the study, Methodology, Analysis of data, Findings and Recommendations.

At the national level, successive governments have made drastic efforts to address the issue by formulating policies and pursuing programmes geared towards improving the living standards of women in Ghana through microfinance. Among these are:

- Provision of subsidized credits in the 1950s;
- Establishment of the Agricultural Development Bank in 1965 specifically to address the financial needs of the fisheries and agricultural sector;
- Establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to set aside 20% of total

portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s;

- Shifting from a restrictive financial sector regime to a liberalized regime in 1986;

Promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions (Asiama and Osei, 2007). A specific example is the creation of the Ministry for Women and Children Affairs in 2001 by the government to give critical attention to women issues. Also, the microfinance and small loans centre (MASLOC) was launched in 2006 to make available credit facilities to the actively productive poor and small and medium size enterprises (SMEs) in Ghana, of which women are beneficiaries (GNA, (2007). Programmes currently addressing the microfinance sub-sector in Ghana include the Financial Sector Improvement Project, Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations Development Programme (UNDP) Microfinance Project, the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASSIP) (Asiama and Osei, 2007).

Microcredit is a critical financial tool for poverty reduction, social and economic development. It remains globally as a leading effective strategy for reducing poverty and with the potential of changing or transforming the lives of poor people. The poor need access to credit services to enable them improve their conditions of life. The poor



also have the ability to use credit effectively for income generation activities and to repay the credit as well as save something as a result. As far back as 1969, the Bank of Ghana instituted the Credit Guarantee scheme for small borrowers to make credit available for enterprises and groups. Similarly, the National Board for Small-Scale Industries (NBSSI) was established in 1990, took over the responsibility of delivering credit to small-scale entrepreneurs in 1991 (Asiama and Victor, 2007).

Microcredit is special among development interventions that can deliver social benefits on a permanent and large scale basis. It is also a key strategy in achieving the Millennium Development Goals and a financial system that meet the needs of the most poor people (Littlefield et al, 2003; Simanowitz and Brody, 2004).

Other stakeholders such as non-governmental organizations (NGOs), credit unions, savings and loans companies, rural and community banks, susu collectors and the metropolitan, municipal and district assemblies (MMDAs) all contribute their quota through local programmes and projects towards the liberation of women.

Despite the numerous efforts and attempts made by government and other stakeholders in the district, the researcher is of the view that much still needs to be done especially in connection with women in commercial shea butter extraction in Sawla. Investigating into this topic will produce knowledge for women in the sector to improve on the quality of their products and consequently diversify people's appetite from the consumption and use of foreign manufactured oil to the local one. Ultimately, the government's campaign



for people to patronize made in Ghana products will be promoted as well as improving the lives of women in the sector.

1.1 Statement of the Problem

Though women's participation in the productive sectors is significant, they lacked access to micro-financing, making it difficult for them to play their roles effectively. This has created a major gap between females and their male counterparts in the business sector, leading to the current low status of rural women. It is also found that though some financial institutions have embraced the challenge of assisting micro-businesses, females continued to receive less access to such credits (Irene Egyir S. 2008).

Recognizing the need to empower women, government and other development stakeholders such as NGOs, religious organizations, and the District Assembly of Sawla-Tuna-Kalba have implemented various programs and projects geared towards the empowerment of women in the district. The poor need access to credit services to enable them improve their conditions of life. About 80% of Ghana's population are engaged in the private informal sector and lack access to credit which retards the growth and development of that sector of Ghana's economy (Johnson and Victor, 2007). Women have the capability, skills, and technical know-how to actively part-take in economic activities to generate income and improve their livelihood. They are also seen as key agents of sustainable development and women's equality and empowerment since 1990 (Femida and Meenaz, 2004). It is also stated that the empowerment of women should be a key aspect of all social development programs (World Bank, 2001; as cited in Femida,



2004). Women and their children comprise the majority of the poor in Ghana and throughout the world. Their economic positions are often adversely affected by a lack of access to capital and other productive resources.

A woman's economic position directly affects her ability to purchase needed improvements in health, housing, and education. It gives her bargaining position and power in her family and community and ability to reduce and alleviate violence in her home and community. The women who have received micro-credit from (GWCNAC) so far have all repaid the loans back within the designated six month time frame. This highly successful program has made a difference in the lives of the women but there are many other women in the villages that lack such opportunities (Ghana Women Children North American Collective, (GWCNAC, 2011).

Previous researches have identified microfinance services as a viable tool, with microcredit remaining globally as a leading effective strategy for reducing poverty with the potential of transforming the lives of poor rural women (Olive Cocoman et al, 2009; Asiamana and Osei, 2007; and Julia M. et al; APPG, 2011).

Notwithstanding the potential contribution of access to credit for women, women in rural areas still have difficulties in accessing microcredit or unable to fully benefit from them. So far, women's access to microcredit is still unequal to that of men (Mayoux and Harti, 2009).



Evidence estimated that 500 million to 1.5 billion people still lack access to financial services that could strengthen their economic situation and improve their life conditions (Microworld, 2010). Lack of access to credit has been a serious challenge that hinders the socio-economic empowerment of the Ghanaian people in the shea industry (Joseph Azaayam, 2008).

This research has explored what the situation on the ground is like in Sawla, with women in commercial shea-butter extraction. The research has explored access to micro-credit for women in commercial shea butter extraction and identified the funding's socio-economic benefits to them.

1.2 Research Questions

This study addressed the following research questions:

The main question of the research is,

Does access to micro-credit affect the socio-economic lives of women in commercial shea butter extraction at Sawla?

The sub-questions of this research include;

- i) Do women in commercial shea butter extraction in Sawla have access to microcredit?
- ii) How do women in commercial shea butter extraction at Sawla access micro-credit?
- iii) How does access to microcredit affect the socio-economic lives of women in commercial shea-butter extraction in Sawla?



- iv) Do women in commercial shea butter extraction encounter any challenges when accessing microcredit?

1.3 The Research Aim

The aim of this research is to explore access to micro-credit for women in commercial shea butter extraction at Sawla.

1.3.1 Objectives

The specific objectives of this research include;

- i) To discover whether women in commercial shea butter extraction in Sawla have access to micro-credit.
- ii) To uncover the processes women in this sector go through when accessing microcredit.
- iii) To identify the effects of access to micro-credit on the lives of women in commercial shea butter extraction at Sawla.
- iv) To identify any challenges of accessing micro-credit by women in commercial shea butter extraction at Sawla.

1.4 Significance of the Study

It is worth stating that most researchers have found this area of study very important to the development of the socio-economic lives of women. Lack of access to credit is a major hindrance to would-be entrepreneurs and existing businesses as well. Useful



business ideas and skills may become fruitless due to lack of access to sustainable credit facilities.

It is against this backdrop that this study seeks to explore access to microcredit and its socio-economic effects on the lives of women in commercial shea butter extraction in Sawla. The study will uncover whether women in commercial shea butter extraction in Sawla have access to microcredit or not. This study would create an opportunity for women in the sector to make public issues about access to microcredit confronting them. Recommendations based on the findings of this study would help to address any issues of accessibility to microcredit for women in the sector under study. It will also make known the processes involved in accessing microcredit by women in this sector and recommend processes to facilitate easy access to microcredit for women in the sector. The research would also disclose the benefits derived from having access to microcredit by women in commercial shea butter extraction in Sawla and any challenges faced when accessing credit.

A study of this kind is very vital as it would provide the government with the needed information in designing a policy frame work to enhance access to microcredit for women in the shea-butter extraction sector.

In addition, the study would serve as a source of reference for other researchers or members of the general public who need information on the subject.



In the opinion of the researcher, knowledge created in respect of the above will be useful for policy-making and future research into related topics as well as microfinance institutions that wish to establish at the study area.

1.5 Organization of the Study

For the purpose of orderly and logical presentation as well as easy comprehension, the research report has been organized into five (5) chapters. Chapter one (1) is composed of: Introduction or Background; Statement of the problem; Research questions; Research objectives; Significance of the study; Organization of the study and Limitations and Delimitations.

Chapter two (2) dealt with the review of related literature of the topic. This involved introduction; Theories on microcredit; The origin of microcredit; Schools of thought on microcredit; Modes of delivering microcredit; Types of microcredit and institutions that provide them; Overview of microcredit delivery in Ghana; and women empowerment.

Chapter three (3) covered the methodology; The study area; The population of the study; Research approach; Research design; Sampling techniques; and Data collection approach. Data analysis and interpretation has been dealt with in Chapter four (4). Finally, Chapter five (5) discussed the Findings, Conclusion and Recommendations.



1.6 Methodology

This study combined both qualitative and quantitative techniques in data collection to ensure that a variety of information on the topic is gathered. The survey method which involves the use of oral and written questions to gather information was adopted in conducting this study.

1.7 Limitations of the Study

In conducting this research, the researcher encountered logistics constraints. It was also difficult to contact some respondents of the study because they were busy with their daily activities and felt it was time-wasting to stay for the interview session. Some respondents were not also willing to disclose some vital information for the study with the notion that it is their private matter. Additionally, it is obvious that a study of this nature that demands a qualitative approach to data collection cannot be conducted within a limited time period without some errors. Despite these challenges, with patience, tolerance, diplomacy, and perseverance, the researcher was able to accomplish the task successfully.

1.8 Delimitations of the Study

The researcher will have conducted the research to cover the entire district but due to time and financial constraints it has been restricted to only Sawla town. The study is limited to the following variables: Access to microcredit; Effects of access to microcredit on the socio-economic lives of women in shea-butter extraction; Processes of accessing microcredit and any challenges of accessing microcredit by women in commercial shea-butter extraction.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Literature review is a description and critical analysis of what other authors have said on material relating to the topic under study. The literature review is an account of what has been done in the chosen topic. It indicates that the researcher is aware of the theoretical debates in the chosen topic and how they inform what he wants to do. It helps to uncover the theoretical gaps that the research hopes to fill (Jankowicz, 1995; Bryman and Buchana, 2009).

This chapter is focused on some concepts of microcredit that are vital in the delivery of microcredit services as well as the topic under study. It discussed the concept of microcredit; The origin of microcredit; The various schools of thought on microcredit; The different modes of delivering microcredit; Institutions that offer microcredit and the types of microcredit they offer; Overview of microcredit delivery in Ghana and Finally women empowerment.

2.1 The Concept of Microcredit

Microcredit refers to very small loans for unsalaried borrowers with little or no collateral (CGAP, 2011). It is the provision of cash and in kind loans in smaller amounts to micro, small entrepreneurs meant to improve their business operations (Asiama nd Osei, 2007).



It involves giving small amounts of capital, usually as little as \$75 to micro entrepreneurs to enable them to establish or expand their businesses and become self reliant. The term some times referred to as micro finance is an emerging solution to global poverty (empowerglobal, undated).

Given the opportunity, recipients of microcredit have grown their businesses and repaid their loans indicating their desire to succeed and keep themselves out of the poverty cycle with hope. Evidence showed that, the global repayment rate of microcredit ranges between 95-98% demonstrating that if properly structured, microcredit is an effective tool for alleviating global poverty (empowerglobal, undated). Microcredit programs help to change entire communities because they assist to stabilize and create many new micro-businesses among the poor.

The transformation of whole communities is manifested through what is termed as “the power of microcredit” by which each micro-loan, funds one business, creates two jobs, for husband and wife and supports the entire family.

In a partial support of the views of “empowerglobal” above, Hornby A. S. (1980: 142), Viewed microcredit as a relatively small sum of money advanced or loaned by a bank. For Beares R. P., (1992), microcredit is a small borrowed funds that are used primarily for personal, family, household, or commercial purposes. Beares added that, using credit responsibly can provide borrowers with economic and psychological benefits. Hornby



and Beares in their views however, did not specify any amount limit involved to be described as microcredit.

In a related development, a credit transaction in which the amount involved is relatively small is termed as “Microcredit” (Stephen et al, 1996; Samuels J. et al, 1999; Tauqeer and Huma, 2011).

Micro credit refers to the small loans made available to poor people. It is an important source of capital for many people in low income countries (Olujide et al, 2008; Yunus M. 2007). Microcredit involves the extension of very small loans (microloans) to those on low incomes to encourage entrepreneurship (Brilliant Idea, Undated).

In his argument, Pal Arundhati (2009), said current poverty alleviation strategies welcome microcredit as the ultimate tool for eradicating poverty. The microcredit approach creates a mechanism for impoverished peoples to overcome abject poverty and achieve a level of self-sufficiency. He added that, microcredit asserts itself as a preventative strategy for complete poverty eradication and an effective instrument for socioeconomic development. Pal also identified the poor’s lack of access to microcredit as a major source of poverty. Without microcredit, the poor are unable to invest economically and consequently stranded in the cycle of poverty (Pal A., 2009).

On the contrary, in response the question as to whether microcredit is a solution to global poverty, Sam D. H. and Robert P. (2007), believe that there is no one single solution to global poverty. The solution must include a broad range of empowering interventions



and microcredit, targeted at the very poor and ran effectively. They further argued that, a multifaceted approach to combating the various obstacles facing the poor in their conditions should include the integration of health education with microcredit, financial literacy, technical training, and opportunity for self-determination. Sam and Robert however, agree that providing accessible microcredit and other financial services to poor people can help reduce poverty.

In the context of this study, microcredit refers to a relatively small amount of credit expected to be repaid within a relatively shorter period with interest. This involves the system of trade credit where raw materials of small value of money can be purchased on credit and paid for at a later date.

2.2 The Origin of Microcredit

The word "microcredit" did not exist before the seventies (Grameen Bank, 2011). The idea of microcredit originated from the Grameen Bank founded by Professor Muhammad Yunus in 1976 at Bangladesh with the hope of alleviating poverty among the poorest of the poor (people living under 1\$ per day) (Brilliant Idea, Undated; Bateman, M.,2010). The Grameen Bank idea of microcredit relied on the belief that borrowers would use the money for self-employment, income generating activities (IGA), and small enterprises (Pal A., 2009).

Grameen Bank brought microcredit to the poor, women, the illiterate, and people who did not know how to invest money to generate income. The Grameen Bank created a methodology and an institution around the financial needs of the poor it served. It saw charity not as a solution to poverty but something that assist its continuation and creates dependency of the poor people.

Grameen Bank microcredit was based on the premise that the poor have skills that are unutilised or under-utilised. It believed that the poverty of the poor is created by the institutions and policies that surround them but not their lack of skills.

Hence, in order to eliminate poverty, there is the need to make appropriate changes in the institutions and policies which surround the poor people.

The general features of Grameen Bank microcredit included the following:

- a) It promoted microcredit as a human right.
- b) Its mission was to help the poor families to help themselves to overcome poverty.

Microcredit was targeted at the poor, particularly poor women.

- c) The most outstanding feature of the Grameen Bank microcredit was that, it was not based on any collateral or legally enforceable contracts. It was also based on "trust", not on legal procedures and system.
- d) Microcredit was offered for creating self-employment for income-generating activities and housing for the poor but not for the purpose of consumption.
- e) Microcredit was initiated to address the challenge of conventional banking which rejected the poor with the reason that they were "not creditworthy". As a result

of this, Grameen Bank created its own credit methodology and rejected that of the conventional banking system.

- f) The Grameen Bank provided service at the door-step of the poor based on the principle that the people should not go to the bank, bank should go to the people.

In order to obtain loans a borrower must join a group of borrowers.

Loans could be received in a continuous sequence with a new loan made available to a borrower if her previous loan was repaid.

All loans were to be repaid in weekly or bi-weekly installments. More than one loan could be received simultaneously by a borrower.

Loans were given with both obligatory and voluntary savings programmes for the borrowers.

Generally, loans were given through non-profit organizations or institutions owned by the borrowers. Loans given through for-profit institutions were made to keep the interest rate at a level which was close to a level commensurate with sustainability of the programme rather than bringing attractive returns for the investors. Interest rates were kept close to the prevailing market rate in the commercial banking sector without sacrificing sustainability. Market interest rate was taken as the reference rate, rather than the moneylenders' rate in fixing interest rates for loans.

Grameen Bank microcredit gave high priority on building social capital, promoted through the formation of groups and centers. The development of leadership qualities through annual election of group and centre leaders. It monitored children's education, provided scholarships and student loans for higher education. For formation of human



capital, the Grameen Bank made efforts to bring technology, like mobile phones, solar power, and promoted mechanical power to replace manual power (Grameen Bank, 2011).

It was however, proposed that every time we use the word "microcredit" we should make it clear which type of microcredit we are talking about in order to avoid confusion in our discussion. It added that microcredit data compiled and published by different organizations should be identified by the category of microcredit each organization provides (Grameen Bank, 2011).

2.3 Schools of Thought on Microcredit

Microcredit is considered to have originated in 1976 with the Grameen Bank in Bangladesh.

It was founded by Muhammad Yunus who launched an action-research project to examine the possibility of designing a credit delivery system to provide banking services to the rural poor. From then, it became successful and expanded rapidly to several villages and now serves more than 4 million borrowers. The Grameen Bank success stimulated the establishment of several other microcredit programs across the globe (Brilliant Idea, Undated). Since then, there have emerged several schools of thought as to whether microcredit should be delivered on grant, subsidy, or commercial basis. It is also debated as to whether interest should be charged or not as well as demand for collateral on loans offered to the poor. Muhammad Yunus offered the first microcredit loan of \$27 to 42 women borrowers at a village called Jobra in Bangladesh without interest from his private pocket (MicroWorld, 2010). The Grameen Bank was formed



initially as a non-profit organization dependent on government subsidies but later a corporate entity in 2002, and was renamed Grameen Bank II (Drake D., 2002). To promote social development, there is the need for loans without interest to the poor and the cancellation of debt every seventh year (Irving Michaelman, 1982; as cited by Beares, 1992: 142).

The two schools of thought that dominate the microcredit industry worldwide are: For-Profit Commercial microcredit institutions and Not-For-Profit (NGOs) microcredit institutions (Maraju V., 2007). Realizing the difficulty in managing the traditional methods of microcredit due to its dependence on grant moneys, the for-profit commercialized school of thought emphasizes the provision of financial services to the poor in a financially sustainable manner that earns profit while creating social good.

The commercialization of microcredit officially began in 1984 with the formation of Unit Desa (BRI-UD) within the Bank Rakyat Indonesia (Wikipedia, undated).

Commercial (For-Profit) status increases the comfort of microcredit institutions and commercial banks willingness to take higher risks and increase their credit delivery to the poor (Maraju, V., 2007). They tend to be better governed as they are subjected to stringent and transparent accounting practices. The for-profit school of thought also embraces the formation of joint liability groups (JLG) to act as guarantors for each other. By this, the group also acts as collateral for individual loans. In case of default, all group members are responsible for paying off the loan.



Weekly collection process is best practice with the rural poor. They are comfortable paying small amounts frequently than larger amounts over longer periods (Grameen Bank, 2011).

Large volumes of smaller payments is the major reason for the high operating cost of microcredit institutions that ultimately results in higher interest rates for clients (Maroju, V., 2007). He also noted that high interest rates leads to government intervention in microcredit delivery system.

Proponents of for-profit commercial microcredit argued that interest charges are necessary to cover the costs of administering the loans and normal operational cost.

Microcredit providers' interest rates are considerably higher than those offered by traditional financial institutions because the cost of administering many small loans in rural areas is much higher than that of administering fewer large loans in developed urban surroundings. It is also to ensure sustainability and viability of microcredit programs (Microworld, 2010).

On the contrary, Not-For-Profit (NGO) microcredit institutions usually focus on social development and the provision of microcredit to promote the economic status of borrowers.

Indeed, many micro-lenders began as non-profit organizations and operated with government funds or private subsidies (Wikipedia, undated).



They act as intermediaries to access external credit and other non-financial services for members of self-help-groups. They also act as links to government agencies and development programs. Funding of not-for-profit microcredit institutions are usually provided by multilateral and government institution in the form of grants and donations. They depend heavily on donations and grants that are limited to ensure sustainability and growth (Maraju, V., 2007).

Most not-for-profit (NGO) microcredit institutions provide microloans through the self-help-group (SHG) model. Self-Help-Groups are self-managed groups formed with 15-20 members that elect two members as leaders to represent the group in dealing with the microcredit service provider. Leadership is rotated among members every year with the responsibility of conducting bi-weekly meetings. Members abide by group norms such as mandatory attendance of bi-weekly meetings and compulsory savings every month. Savings are pooled from members and the money rotated within the group to meet individual needs (Maraju, 2007).

2.3 Differences in Microcredit mode of Delivery

Different institutions adopt different models of delivering microcredit services to their clients. The two basic methods of delivering microcredit services to clients are; the Group Method and the Individual Method (Microfinance Africa, 2010).

The group method is one of the most popular models of providing microcredit services. This involves a group of individuals which becomes the basic unit of operation for the



microcredit institution. It helps in creating social collateral that can be a perfect substitute to physical collateral. The group becomes the basic unit for the microcredit institution to deal with.

The advantages associated with the group model include the following:

- Training is offered to groups to be jointly responsible for loans given to individuals in the group.
- In case of default, groups ensure repayment from all individuals in the group.
- Groups serve as forum for discussing credit discipline and other related issues.
- Groups also jointly own the responsibility of default and pay on behalf of defaulting members.
- They help in credit appraisal and provide their opinion on the creditworthiness of individuals in the group.
- Groups method helps in controlling cost by ensuring that without physical collateral, the microcredit institution is able to manage its loan related risk.
- Having groups helps in getting borrowers at one spot instead of visiting them in their individual houses. This assists microcredit institutions to increase the efficiency of staff and control the cost of management and operation.
- Group methodology also enables microcredit providers to take legal action when a larger amount is in default which will be uneconomical if the amount involved is small.



For the advantages enumerated above, the group model is widely accepted and used across the world by microcredit institutions (Microfinance Africa, 2010).

The most widely used models of microcredit delivery are the Self-Help-Group and the Grameen model (Microfinance Africa, 2010; Maraju, V., 2007).

2.5 Self-Help-Group

The idea of the Self-help-group originated from India (Microfinance Africa, 2010). A Self-Help Group is an association of up to 20 members formed from the same socio-economic background (Microfinance Africa, 2010). In his view, Maraju, V., (2007), noted that, Self-Help-Groups are self-managed groups formed with 15-20 members that elect two members as leaders to represent the group in dealing with issues affecting them.

They are formed by Non-Governmental Organizations as well as Government agencies and are used as channels for various development programmes. They may be all-women group, all-men group, or mixed group formed to solve common problems that may be financial or social in nature through mutual help. Evidence showed that all-women's groups perform better in all activities of Self-Help-Groups while many microcredit providers do not prefer the Mixed group because of conflicting interests among members (Microfinance Africa, 2010).

Microfinance Africa (2010), Identified the following as some of the distinct features of Self-Help-Groups:

- They are well recognized and accepted by government, hence can receive government grants and funds for development activities.



- They are social intermediaries because they undertake financial transactions as well as many social activities (example, Fighting against social evils such as alcoholism, violence against women, and expensive dowry systems).
- Self-Help-Groups maintain their own simple books of accounts to record their savings, loan income and expenditure.
- They elect leaders such as Group President, Secretary and Treasurer to manage the affairs of the group.
- They appear to be more autonomous because they decide their own rules and regulations.

2.6 Joint-Liability-Group

Another form of group under the group model of credit delivery is the Joint-Liability-Group- (Grameen Model).

The Grameen model of the joint-liability-group was first introduced by Muhammad Yunus, founder of the Grameen Bank (Microfinance Africa, 2010).

Presently, the Grameen Model is the most widely used method of microcredit delivery in the world (Maraju, V., 2007; and Microfinance Africa, 2010). The Grameen model is basically a joint-liability- group formed with five members in a group. Eight of such groups are put together and termed as a “Center” consisting of forty (40) members (Grameen Bank, 2011; Microfinance Africa, 2010).

There are however, variations in the number of groups that constitute a Center presently, ranging from five-eight (5-8) (Microfinance Africa, 2010). Centers represent the unit with which the microcredit institutions deal. Meetings are convened at the Center levels only in the presence of field staff of microcredit institutions. The Grameen model is mainly focused on financial transactions. Also with this model, groups and centers are joint-liability-groups that are jointly liable for the repayment of loans disbursed to individuals in the groups.

Other features of the Grameen model identified by Microfinance Africa (2010), include the following:

- Group meetings are conducted on a weekly basis.
- Interest rates are charged on flat basis.
- All transactions take place at Center meetings only.

The model pays much attention to providing financial services to clients and therefore emphasis on standardization and discipline. Also, weekly meetings are conducted to ensure frequent interaction with the clients in order to reduce the credit risk of the microcredit provider. Meetings are conducted solely for carrying out the financial transactions without discussing other social issues.

The basic difference between the two approaches is that, the Self-Help-Group model has been developed with holistic view of development and empowerment of society where financial transactions are only one part of it while the Grameen model is specifically focused on providing financial services to low-income clients.



Besides the Grameen model form of Joint-liability-group, other forms of joint-liability-groups are being practiced in India (Microfinance Africa, 2010). They are a five-member group of individuals that come together to borrow from a financial institution, share responsibility and stand as guarantee for each other. Such Joint-Liability-Groups have a Group Leader but do not hold periodic meetings. These forms of Joint-Liability-Groups are positioned between Group and Individual lending methods. Also collections are done from a single point, generally from the Group leader instead of visiting each individual member of the group (Microfinance Africa, 2010).

2.7 Individual Method

The individual lending method refers to where microcredit institutions provide loans to individuals based on their credit worthiness. This method is generally targeted at borrowers who need bigger size loans and have the capacity to guarantee repayment to the microcredit institution. The decision as to who to grant an individual loan is based on the personal knowledge and reputation of the borrower in the society. In addition, the source of income and business position information of clients may be required. In other cases, borrowers may be asked to provide guarantors or post-dated cheques before loans are disbursed. Some collateral security may be requested by the microcredit institution where the amount of loan involved is gargantuan (Microfinance Africa, 2010).



2.8 Types of Microcredit and the Institutions that Offer them

Microcredit as explained earlier in this report refers to very small loans for unsalaried borrowers with little or no collateral (CGAP, 2011). Microcredit services across the globe can be classified into different categories.

Grameen Bank, (2011), classified microcredit into the following types (Categories):

- Traditional Informal Microcredit; These are micro loans offered by moneylenders, Pawn Shops, Friends and relatives and the informal consumer credit market.
- Microcredit based on traditional informal groups; These are small loans provided by, Susu Collector, Tontin, Rotating Savings and Credit Associations.
- Activity-based microcredit: These refer to microcredit offered through conventional or specialized banks for investment in specific activities such as agriculture, livestock, fisheries and handloom.
- Rural microcredit: These are offered through specialized banks for rural development.
- Cooperative microcredit: This is a type of microcredit offered by cooperatives, savings banks, Credit Unions and Savings and Loans Associations or companies.
- Consumer microcredit.
- Bank-Non-Governmental Organization partnership based microcredit: These are microcredits offered by non-governmental organizations through selected banks for specific projects.
- Grameen type microcredit (Grameen credit): This is the type of microcredit provided by the Grameen bank to its clients.
- Other types of non-NGO non-collateralized microcredit.



Grameen Bank, (2011), however, noted that the classification of microcredit can also be made in the context of the issue under discussion.

2.9 Overview of Microcredit Delivery in Ghana

Indeed, the concept of microfinance is not new in Ghana. There has always been the tradition of people saving and/or taking small loans from individuals and groups within the context of self-help to start businesses or farming ventures.

For example, available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, Susu, which is one of the microfinance schemes in Ghana, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (Asiama and Osei, 2007).

Over the years, the microfinance sector has thrived and evolved into its current state, thanks to various financial sector policies and programmes undertaken by different governments since independence. Among these are:

- a) Provision of subsidized credits in the 1950s;
- b) Establishment of the Agricultural Development Bank in 1965 specifically to address the financial needs of the fisheries and agricultural sector;
- c) Establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to set aside 20% of total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s;



- d) Shifting from a restrictive financial sector regime to a liberalized regime in 1986;
- e) Promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions (Asiama and Osei, 2007).

The policies have led to the emergence of three broad categories of microfinance institutions. These are:

- a) Formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial banks;
- b) Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs), and cooperatives;
- c) Informal suppliers such as susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals. (Asiama and Osei, 2007)

According to Asiama and Osei, (2007), the structure and key microfinance stakeholders in Ghana consist of the following:

- Microfinance Institutions, including
- The Rural and Community Banks,
- Savings and Loans Companies,
- Financial Non-Governmental Organizations,
- Primary Societies of Credit Unions Association (CUA),



- Susu Collectors Association of the Ghana Cooperative Susu Collectors Association(GCSCA),
- Development and commercial banks with microfinance programs and linkages,
- Micro-insurance and micro-leasing services.

Microfinance Apex Bodies, namely:

Association of Rural Banks (ARB)

ARB Apex Bank

Association of Financial NGOs (ASSFIN)

Ghana Cooperative Credit Unions Association (CUA)

Ghana Cooperative Susu Collectors Association (GCSCA)

The end users of the microfinance sector in Ghana are the economically active poor who are clients of microfinance products and services (Asiama and Osei, 2007).

Asiama and Osei, (2007), also identified that the supporting Institutions of the microfinance sector in Ghana include the following:

- Microfinance and Small Loans Center (MASLOC);
- The Ghana Microfinance Institutions Network (GHAMFIN);
- Development partners and international non-governmental organizations;
- Universities, training and research institutions;
- Government Institutions;
- Ministry of Finance and Economic Planning;



- Ministries, Departments, Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs);
- Bank of Ghana.

The current strategies for credit delivery are not adequately diversified or efficient, and therefore are unable to fully meet the varying demands of the market and different categories of end-users. There is no framework for categorizing and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities. The objective of microfinance is to provide resources for the poor. Nonetheless, there is yet to be adequate, reliable and acceptable methods for classifying various poverty levels to enhance the categorization of potential and actual Microfinance Institutions clients and other forms of support that may be more appropriate for some groups (Asiama and Osei, 2007).

It is gratifying to note that the Government of Ghana has adopted microfinance as one of the important strategies for poverty reduction and wealth creation. Recognizing the role various institutions and individuals can play to ensure the achievement of this national vision of achieving the Millennium Development Goals and also becoming a middle income country by the year 2015, there is the need to quicken the pace of reforms in the microfinance sector in order to unleash its full potential for accelerated growth and poverty reduction (Asiama and Osei, 2007).



Also, government is strategizing to restructure and re-organize the Micro-Finance and Small Loan Centre (MASLOC), to enable it to effectively finance local entrepreneurs and rural agriculture. This would also help boost that sector and facilitate the growth of the economy. The aim of government is to promote the delivery of efficient and sustainable microfinance services, to achieve wealth creation and reduce poverty within its medium term development strategy. The general policy of government for the financial sector is to improve and deepen financial intermediation to serve the poor and low income populations by building an inclusive, sustainable and efficient financial system (GNL, 2011).

Additionally, Grameen Ghana, (2013), in June 2003, gave its first loans to women groups in the Zabzugu/ Tatale district of the Northern Region of Ghana under a UNICEF funded Integrated Community Based Development Programme (ICBDP). Principally, the ICBDP sought to link various social development activities such as nutrition, health and education with micro credit delivery to improve the quality of life of children and the status of women in target communities.

From this humble beginning the organization has today established its presence in 5 more districts including Tamale, Nanumba North, Nanumba South, Central Gonja and Karaga districts all in the Northern Region.

Our approach to sustainable funding has been to adopt a mixed funding strategy that will blend grants, concessionary loans and commercial loans. We recognize that rural micro finance service delivery is very expensive and so requires initial support from charitable

donations to meet very demanding operational costs. It also demands significant grants as on-lending funds to generate sufficient interest income to meet future cost of operation (Grameen Ghana, 2013).

On their part, Ghana Women Children North American Collective, (GWCNAC) (2011), is partnering with Gumani Child Care and Family Helper Program, a Non-Governmental Organization, (NGO) to assist poor women and their families through the implementation of micro-credit programs.

The objectives of the micro-credit project include:

1. To work in partnership with local Non-Governmental Organizations (NGOs) in Ghana on micro-credit financing projects;
2. To provide poor women (especially single mothers and young dropouts) with skills in small business and financial management;
3. To provide funding and loans to poor women so that they can establish and operate profitable small scale enterprises.

They noted that, the women who have received micro loans from (GWCNAC) thus far have all repaid the loans within the designated six month time frame. This highly successful program has made a difference in the lives of the women but there are many other women in the village waiting to apply.



2.10 The Concept of Empowerment

Empowerment is a management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to solve problems and improve service and performance.

Empowerment is based on the idea that giving employees skills, resources, authority, opportunity, motivation, as well holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction (E U, 2013; World Bank, 2011; and ICRW, 2012).

Empowerment is essential both to realize one's rights and to achieve broader development goals such as economic growth, poverty reduction, health, education and welfare (Anne Marie et al, 2011).

Whitmore (1988:13) defines empowerment as: an interactive process through which people experience personal and social change, enabling them to take action to achieve influence over the organizations and institutions which affect their lives and the communities in which they live.

Keiffer's (1984), labels empowerment as a developmental process which includes four stages: entry, advancement, incorporation, and commitment. The entry stage appears to be motivated by the participant's experience of some event or condition threatening to the self or family, what Keiffer refers to as an act of 'provocation'.



In the advancement stage, there are three major aspects which are important to continuing the empowerment process: a mentoring relationship; supportive peer relationships with a collective organization; and the development of a more critical understanding of social and political relations. The central focus of the third stage appears to be the development of a growing political consciousness. Commitment is the final stage - one in which the participants apply the new participatory competence to ever expanding areas of their lives.

According to Wallerstein (1992), empowerment is a social-action process that promotes participation of people, organizations, and communities towards the goals of increased individual and community control, political efficacy, improved quality of community life, and social justice.

Whitmore (1988) feels the concept of empowerment needs to be more clearly defined, she states that there are some common underlying assumptions:

- a) individuals are assumed to understand their own needs better than anyone else and therefore should have the power both to define and act upon them.
- b) all people possess strengths upon which they can build.
- c) empowerment is a lifelong endeavor.
- d) personal knowledge and experience are valid and useful in coping effectively. He defined empowerment as processes whereby individuals achieve increasing control of various aspects of their lives and participate in the community with dignity.

Empowerment refers to increasing the spiritual, political, social or economic strength of individuals and communities (Lisa Whatley, 2008).

Lisa therefore shares a common view with Whitmore and Wallerstein that empowerment has to do with improving the total worth of individuals and communities.

Empowerment is a process where by people take control of their lives or gain the ability to generate choices, exercise bargaining power, develop a sense of self-worth, and a belief in one's ability to secure desired changes. It is the expansion in people's ability to make strategic life choices in a situation where this ability was previously denied to them. Empowerment is a process by which powerless people become conscious of their own situation and organize collectively to gain greater access to public services and the benefits of economic growth (UN, 2001; Kabeer, 2001; Mayoux 1998). Empowerment refers to the enhancement of assets and the capabilities of different individuals and groups to engage, influence and hold accountable institutions which affect them (Bennett 2002).

According to United Nations Fund for Women (UNIFEM) (2000), empowerment refers to the condition of gaining opportunity and the ability to make choices and exercise bargaining power. It refers to developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life.



Empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives.

Empowerment involves the creation of enabling conditions for each person to reach his or her God-given potential. In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources like education or insider knowledge of some businesses (Susy C. and Lisa K. 2005).

Although empowerment and well-being benefits substantially increased when women controlled their loans and used them for their own income-generating activities, just the act of bringing financial resources to the household in the form of credit was enough to secure at least some benefits for the majority of women (Naila Kabeer, 1996).

For Houhton Mifflin (2009), empowerment means investing legal power and official authority in individuals and groups to enable them realize their potentials. In other words, it means to equip or supply people with an ability to perform a role.

In their view, Lord and Hutchison (1993), noted empowerment as the processes whereby individuals achieve increasing control of various aspects of their lives and participate in the community with dignity.

Judi Chamberlin (2013), saw empowerment as the process of having a number of qualities and opportunities such as:

- Decision-making power;
- Access to information and resources;
- A range of options from which to make choices (not just yes/no);
- Assertiveness;
- A feeling that the individual can make a difference;
- Learning to think critically and seeing things differently;
- Not feeling alone but feeling as part of a group;
- Having the understanding that people have rights;
- Being able to effect change in one's life and community;
- Learning skills (e.g., communication) that the individual sees as important;
- Changing others' perceptions of one's competency and capacity to act;
- Coming out of the closet;
- Growth and change that is self-initiated never ending and;
- Increasing one's positive self-image and overcoming stigma;
- Learning about and expressing anger;

Chamberlin also saw empowerment as a complex and a multidimensional concept that is a process rather than an event. Hence, he believes that an individual did not need to display every quality on the list above in order to be considered "empowered."



It is important for development actors to note that women empowerment is best achieved when women receive information through education and when they are able to contribute financially towards the upkeep of their families. Women clients of microfinance programmes can attest to the fact that they have gained more respect from their husbands and are being treated with respect when they started contributing financial support to their households. This therefore indirectly gives them a say on issues concerning family planning, educational investment of their children and other issues in order to improve on livelihoods of the world poor people (Roderick, O. A. 2011).

Based on different case studies conducted in developing countries, microfinance has been found to be a reliable and effective way of empowering the poor, most especially women, while also increasing their level of participation in the global economy (Kathryn Mordeno, 2010).

For the purpose of this study, empowerment is seen as a process and involves the ability of the poor to transform their lives through access to micro-credit, income generation and participation in decision-making.

2.11 Socio-economic empowerment of women

Social empowerment refers to the impact of a person's involvement and status on the family as well as the community. Contributing financial resources to the family or community confers greater legitimacy and value to people's views and gives them more entitlements than they would otherwise have. It involves receiving more respect from the

families and the communities. Social empowerment includes having the freedom to move about publicly, to pave the way for them to become respected and valued members of society (Halima J. H. and Ben H.E, 2000).

According to Blomkvist, H. (2003), social empowerment is the process of developing a sense of autonomy and self-confidence, as well as acting individually and collectively to change social relationships, the institutions and discourses that exclude poor people and keep them in poverty. The empowerment of poor people is strongly influenced by their individual assets such as: land, housing, livestock, savings and capabilities of all kinds. These include having opportunities and access to services such as; good health and education, social belonging, a sense of identity, leadership relations, self-esteem, self-confidence, the ability to imagine and aspire to a better future. Women are therefore socially empowered, when they have access and opportunity to better health care, education, housing and shelter, decide a choice of family panning and number of children to have, safe drinking water and sanitation, decision on nutritional requirements, greater involvement in science and technology and freedom from all forms of violence.

UNFPA (2008), noted that empowerment of women focuses on identifying and redressing power imbalances and giving women more autonomy to manage their own lives. Women's empowerment is vital to sustainable development and the realization of human rights for all.

The ability of women to control their own fertility is absolutely fundamental to women's empowerment. When a woman can plan her family, she can plan the rest of her life.

Almaz Negash (2006), defined economic empowerment as the ability to have access and control of income and capital such as land, buildings, livestock and other economic properties. Increased income controlled by women gives them self-confidence, which helps them obtain a voice in domestic well-being decision, decisions on acquiring, allocating and selling assets as well as land use and conservation.

Women are economically empowered when they have access to education and training, clean water and sanitation, responsible health care, credit or finance, safe work condition, living wages and free from violence and cultural interpretations. Unless women's economic security is strengthened, it will be impossible to eliminate poverty. For Harper Collins (2003), economic empowerment entails providing special opportunities in employment and training for the disadvantaged. For the purpose of this study, economic empowerment refers to the ability to have access to income- generating jobs and the freedom to decide how such income should be used.

For Eyben R. et al (2008), economic empowerment allow poor people to think beyond immediate daily survival and to exercise greater control over both their resources and life choices. It enables households to make their own decisions around making investments in health and education, and taking risks in order to increase their income. There is also some evidence that economic empowerment can strengthen vulnerable groups' participation in decision-making. For example, microfinance programmes have been shown to boost women's influence within the household and marketplace. Further

evidence suggests that economic power is often easily transformed into increased social status or decision-making power.

The literature on economic empowerment is vast, and a large part of this focuses on the economic empowerment of women. More generally, the discourse on economic empowerment centres around four broad areas: a) the promotion of the assets of poor people; b) transformative forms of social protection; c) microfinance; and d) skills training.

Blomkvist, H. (2003) holds the view that women are economically empowered when they have opportunity and access to support services such as crèches at work places and educational institutions, work on night shift in factories, work in any sector of the industry by their own choice, credit for consumption and production, and a range of options to eradicate poverty.

Mayoux (1998) noted that increasing women's access to micro-credit has the tendency to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and on the wider scale, on social and political empowerment. Beyond increased opportunities and income, micro-credit programs are believed to engender self-confidence and a culture of independence such that women are able to believe in their own agency to significantly improve upon their lives.



In a related development, GWCNAC (2011), found that women and their children comprise the majority of the poor in Ghana and throughout the world. Their economic positions are often adversely affected by a lack of access to capital and other productive resources.

A woman's economic position directly affects her ability to purchase needed improvements in health, housing, and education. It gives her bargaining position and power in her family and community and ability to reduce and alleviate violence in her home and community.

Assisting women in improving their economic opportunities is essential in building a woman's confidence and improving her status in the community. Additional access to resources gives a woman the ability to build her income and assets. This process assists low-income and poor women in creating businesses which in terms helps to improve their living conditions. For example, starting businesses helps poorer women keep their families well-fed and healthy, provides educational opportunities for their children and gain more respect within the community. Micro-credit loans provide women with access to start-up capital through small loans, but that is only part of the process. The goal of such micro-finance is to bring long-term economic stability to impoverished areas.

Similarly, UNFPA (2008), noted that more women than men live in poverty, and economic disparities persist partly because much of the unpaid work within families and communities falls on the shoulders of women and because they face discrimination in the economic sphere.

In the context of this study, women are seen to be socio-economically empowered when they have access to micro-credit that enables them to invest in their own businesses and participate in household decision-making.

2.12 Lessons learnt and Gaps Identified

From the review of the related literature, microcredit services have been identified worldwide as a viable tool for fighting against poverty if properly implemented and well managed. It was also learnt that access to credit is one sure way of facilitating the socio-economic empowerment of rural women. It was revealed that micro-credit programs engender self-confidence and a culture of independence such that women are able to believe in their own agency to significantly improve upon their lives. It was noted that women empowerment is best achieved when women receive information through education and are able to contribute financially towards the upkeep of their families.

It was identified that more women than men live in poverty partly because much of the unpaid work within families and communities falls on the shoulders of women. Grameen Ghana established that despite its effort to expand outreach of microcredit services, there are many women in the rural areas who lack access to microcredit.

The literature review revealed that there have been several researches on access to microcredit for women in general, but there has been none in respect of women in commercial shea butter extraction in the study area of this research.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section of the research comprise of a range of methods and techniques employed in terms of population identification, choosing sampling techniques, selection of data collection methods, and administrative procedures. This chapter of the report discusses the area of study, the population of the study, the research approach, the research design, the socio-demographic data of the sample size, the sample size, the sampling technique; (snowball sampling, stratified sampling), data collection methods; primary data collection approach(interviews, questionnaires, and observation), and secondary data collection approach.

3.1 Area of Study

Sawla town, the Capital of the Sawla-Tuna- Kalba District (STKD) is the area selected for this study. The district is one of the twenty (20) districts in the Northern Region of Ghana. Sawla is located in the western part of the Northern Region, between latitudes 840° and 940° North and longitudes 150° and 245° West. The District shares common boundaries with Wa West and Wa East Districts to the North, Bole District to the South, West Gonja District to the East and La Cote d'Ivoire and Burkina Faso to the West. It has a total land area of about 4,601 square kilometers out of the total area of 74,984 kilometers of the Northern Region, representing six point fourteen percent (6.14%) of the total land mass of the Northern Region. Sawla is about 210 kilometers North West of Tamale, the Northern Regional Capital of Ghana (STKD Assembly,2006).



The district has a total population of 99,863, made up of 48,269 males and 51,594 females. The total population for the working age group (15-64 years) is 47,426, with 26,430 being females and 20,996 males. The district has a high illiteracy rate of 68.9% as against literacy rate of 31.1% with populations of 42,881 and 19,399 respectively. Out of an employed population of 38,250, 37,022 are economically engaged in the private informal sector, 247 in the private formal and 834 in the public (Government) sector (Statistical Service of Ghana, 2010).

3.2 Population

The target population for this research consisted of women in commercial shea-butter extraction in Sawla. Population, some times referred to as “universe” is the total number of identifiable units that the research intends to study or investigate (Sarantakos, 1994). In other words, “population” is the universe of units from which the sample is to be selected. The term units are used because it may not necessarily be people who are being sampled. The unit of analysis which refers to the body from which to collect data or on which research findings are based was individual women engaged in commercial Shea-butter extraction in Sawla.

3.3 Research Approach

The research approach deals with either the quantitative or qualitative approach or a mixture of both that is adopted for a particular research work. This study used a mixture of both qualitative and quantitative approaches to ensure that relevant and adequate data about the characteristic of the sample size is gathered for analysis and interpretation.



The quantitative approach is an objective and a systematic process in which numerical data are utilized to obtain information about the world.

This approach employs quantitative measurements and the use of statistical analysis (Sarantakos, 1994). Some advantages of the quantitative approach are that; It enables the researcher to describe social structures and processes that are not directly observable. It is also suitable for making comparisons between variables and groups. The quantitative approach is suitable for the description of change and the explanation of dependencies between variables of social phenomena.

On the other hand, the qualitative approach employs non-quantitative and non-statistical measures to explore social relations and describes reality as experienced by the respondents (Sarantakos, 1994). It is an exploration and discovery which helps to analyze research objects. Qualitative research involves a range of methodological approaches that are designed to explore social relations and explain the social actions from the views or opinions of the doers (Bryman and Buchanan, 2009). This research approach uses non-quantitative measures in gathering and analyzing data. Some advantages of this approach include: The use of words, text and prose to analyze data and present findings for easy comprehension by readers; It sees the opinion of those being studied as very important and paramount; It enables the researcher to have a close contact with those being studied; Concepts explanation emerge out of the data collection; It aims at seeking understanding of the values, and beliefs in the context in which the research is carried out; It allows the research to be carried out in the natural environment of the units being studied; and the use of open-ended questions to elicit information.



The qualitative and quantitative approach were jointly used in this study to enable the researcher derive the benefits of both approaches as enumerated above. The findings of this report are therefore based on the views and opinions of the respondents gathered from their natural environment through interview guides.

3.4 Research Design

Research design refers to the general plan used by the researcher to elicit answers to research questions and for testing the hypothesis formulated for the research study. The role of the research design is to ensure that the evidence obtained enables the researcher to answer the initial research questions objectively (Agyedu et al,2007; David de Vaus, 2002). The research design involves a range of activities that includes the selection of sampling techniques, data collection methods, data analysis and administrative procedures.

In this study, the research design refers to the logical structure of the research data. The cross-sectional research design which involves the collection of data on one occasion about the units being studied was used in this study.

3.5 Socio-Demographic Data

This involved the collection of data on respondents' age, marital status, religion and level of education.



3.6 Sampling Technique

Sampling is the results of a systematic approach that ranges from choosing the population to the selection of a segment or part of the population for investigation.

This involves all the processes and procedures that the researchers carries out in reaching his respondents. In other words, sampling is mechanisms that endeavor's to arrive at a manageable portion of the population that has some major characteristics to represent the entire population (Babbie E, 2005). Sarandakos (1994), described sampling as the process of choosing the research units of the target population to be included in the research. The major advantages of sampling are that, it is less costly in terms of materials usage. Less time is used to conduct the research with few or without errors as a result of the manageable size of the population chosen. In order to derive the above advantages, this study adopted both probability and non-probability methods of sampling to choose the sample units. Specifically, the stratified sampling under probability method and the snowball sampling under non-probability method were employed.

The probability method of sampling is the one in which a random selection procedure is used with each unit of the population having a known chance of being selected. This method employs strict probability rules in the selection process where every unit of the population has equal chance of being selected.

On the other hand, the non-probability method of sampling is less strict in the use probability rules in the selection process. This method of sampling covers all types of sampling which are performed without the principles of probability. These types of

sampling are largely used in explorative and qualitative research (Bryman and Buchanan, 2009; Sarantakos S, 2005).

The snowball approach of sampling refers to where the researcher chooses a few respondents, through accidental sampling, and ask them to recommend other people who are qualified to participate in the research. This approach was used during the listing of the sampling frame to identify the units of the population in each of the four sections of the town namely; Zongo, Changbala-yiri, Modern Ghana, and Agric. Before the listing of the sampling frame, the researcher embarked on a familiarization tour of the study area to sensitize the target population about the exercise. The ethical considerations of lawful entry and informed consent were therefore, duly satisfied. Others such as anonymity and confidentiality were clearly specified on the interview schedule.

Out of a total sampling frame of forty-eight (48) women: Sixteen (16) were listed for Zongo; fourteen (14) for Changbala-yiri; ten (10) for Modern Ghana; and eight (8) for Agric.

Stratified sampling: This is the method of sampling which divides the population to be sampled into groups known as strata and then a simple random sampling is applied to select a proportional representation. In other words, it is the process of selecting a sample that allows identified subgroups in the target population to be represented in the same proportion that they exist in the population. This is a special form of the simple random and the systematic sampling, in which the population is divided into a number of strata and a sample is drawn (Sarantakos, 1994). Sixty percent (60%) of the sampling frame of forty-eight (48) women were sampled using the stratified sampling method for



this study. Samples were drawn from each of the four sections of the town proportionate to the sampling frame in each section. The stratified method of sampling was chosen because in the opinion of the researcher will enable him draw samples from all the four sections of the town. In other words, this method helps to avoid the possibility of selecting samples from only one location of the study area.

3.7 Sample Size

A sample refers to a segment of the target population that is selected for investigation (Sarantakos, 2005). This is a subset of the target population chosen for investigation.

The sample size refers to the number of units of the target population that has been selected for investigation or study. In this study, the sample size was twenty-nine (29) women; made up of ten (10) from the Zongo section; eight (8) from Changbala-yiri; six (6) from Modern Ghana; and five (5) from Agric. These represented sixty percent (60%) of the sampling frame of each section as explained above.

3.8 Data Collection Technique

This study combined both qualitative and quantitative techniques in data collection to ensure that a variety of information on the topic is gathered. The survey method which involves the use of oral and written questions to gather information was adopted in conducting this study. The oral questioning was done through interview and the written questioning through questionnaires. The researcher used questionnaires along-side with interview guide based on the literacy level of the individual respondents to gather the data



for this study. In addition, the study adopted the observation technique to ensure that detailed and ample data is collected on the socio-economic characteristics of respondents.

Qualitative research involves a range of methodological approaches that are designed to explore social relations and explain the social actions from the views or opinions of the doers (Bryman, 2009). This research approach uses non-quantitative measures in gathering and analyzing data. Conversely, the quantitative approach is an objective and a systematic process in which numerical data are utilized to obtain information about the world. This approach employs quantitative measurements and the use of statistical analysis (Sarantakos, 1994). The sources of data collected for this study included both primary and secondary sources.

Primary data refers to the original material generated for the first time by the researcher directly from respondents of the study, which has not been interpreted by anyone before. The sources of primary data include: diaries; letters; autobiographies; interviews; speeches and stories. The major source of primary data for this study was interview along side with personal observation by the researcher of some qualitative characteristics of respondents. In the opinion of the researcher, the primary source of data would answer the research questions directly and also show the current development of the subject under investigation.

Secondary data on the other hand, refers to material or information which has not been compiled by the researcher himself or herself. The sources of secondary data include the following: textbooks; scholarly books; government reports; articles and census. The



sources of secondary data employed in this study were: scholarly books; textbooks; articles and government reports.

3.9 Interview

An interview is the interaction between an interviewer or a group of interviewers on one hand, and the interviewee on the other, where by the former (interviewer) has the intention of exploring the views, attitudes, beliefs, and feelings of the latter (interviewee) through questions on a particular issue or phenomenon. An interview may be structured, semi-structured or unstructured. It is structured where the researcher has a series of predetermined questions that have been written down and are asked systematically in the order in which they are written. With the unstructured interview, the questions are not structured in any order and may be modified to meet the interviewees' level of knowledge and understanding. Here, the researcher has a list of concepts often termed as interview guide, which are converted onto questions during the interview (Bryman A, 2009; and Kvale, Steina, 1996).

The semi-structured interview is a flexible form of the structured interview which allows the interviewer to ask new questions in response to what the respondents say during the interview. Such new questions are not part of the predetermined questions written down to be asked.

The semi-structured interview was used for this study because it makes the interview session more conversational and appealing to the interviewees to voice-out all that they have about the issue being discussed. This entailed the administration of an interview schedule by the researcher. The researcher conducted interviews for twenty-five of the



twenty-nine women sampled for the study as they could not read and understand the questions themselves. This technique also allowed the researcher to observe some socio-economic characteristics of respondents as he visited them at their original residence or homes.

3.10 Questionnaire

A questionnaire is a list of questions that is sent to respondents of a research study to respond to. One major advantage of the questionnaire is that, it can be completed at the convenience of the respondent and also helps to avoid bias or errors caused by the presence of the researcher (Grix Jonathan, 2004). The questionnaire used for this study comprised of pre-coded or closed-ended questions and open-ended questions to ensure that information about the actual feelings and views of the respondents are gathered. With the closed-ended or pre-coded questions, the researcher sets the questions and provides possible answers as well for the respondent to make his/her choice. In this case, the respondents are expected to choose the option which they agree most. On the contrary, the open-ended questions are designed with no possible answers provided. Here the researcher writes down the questions and expects his respondents to provide answers. This allows some flexibility in answering the questions and makes the respondents to think. The respondents in this case, are free to formulate their answers the way they consider it most appropriate. In this study, respondents who attained some level of education that could enable them read and understand were supplied with questionnaires to answer at their own convenient time.

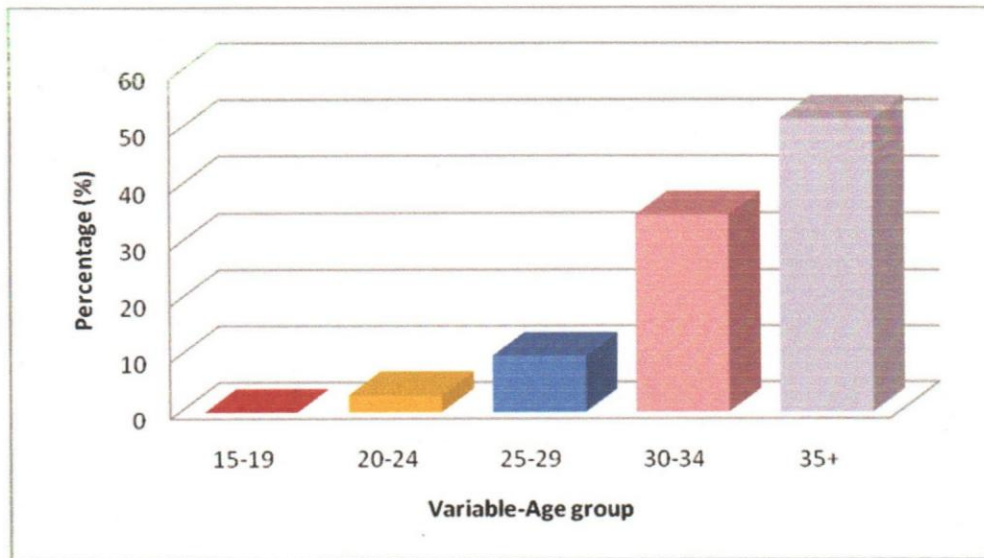


3.11 Data Analysis

Data analysis is a crucial aspect of the research work which involves a careful and critical examination of the relationship among the variables in the research topic in order to draw objective conclusion for a particular study. Having combined both the qualitative and quantitative frameworks in this study, the data gathered have been analyzed by the use of statistical techniques as well as text to provide clearer understanding of statistical presentations. The analysis included the use of percentages and frequencies supported by charts and tables to logically explain the relations between variables. Both quantitative and qualitative data analysis were employed in this study. The univariate analysis which is a type of quantitative analysis that involves the analysis of one variable at a time was used. Specifically, the frequency table approach which provides the number of people and percentages belonging to each of the categories for the variables in question was employed. The use of percentages, frequency tables and charts supported with a brief explanatory text is to make interpretation and understanding of the information easier to readers of this research report. Generally, the analysis was done with the support of excel (spreadsheet) package based on the key sections in the interview guide.



Figure 4.1: Age Group of Respondents



(Source: field survey, July 2013)

As can be seen from the table above, 0% of the respondents were aged between 15-19 years, 3% for those between 20-24, 10% were between 25-29, 35% between 30-34, and 52% were aged 35 years and above. The age of respondents is important here because microcredit institutions and lenders as well will not offer credit to under-aged persons who do not merit it by their social and economic status. This is justified by the assertion of Mugerwa, K. (2002) that micro credit institutions always give funds to active people who clearly know why they need it. Most of the respondents are 30 years and over that may call for heavy responsibility and financial requirement to support their family needs.

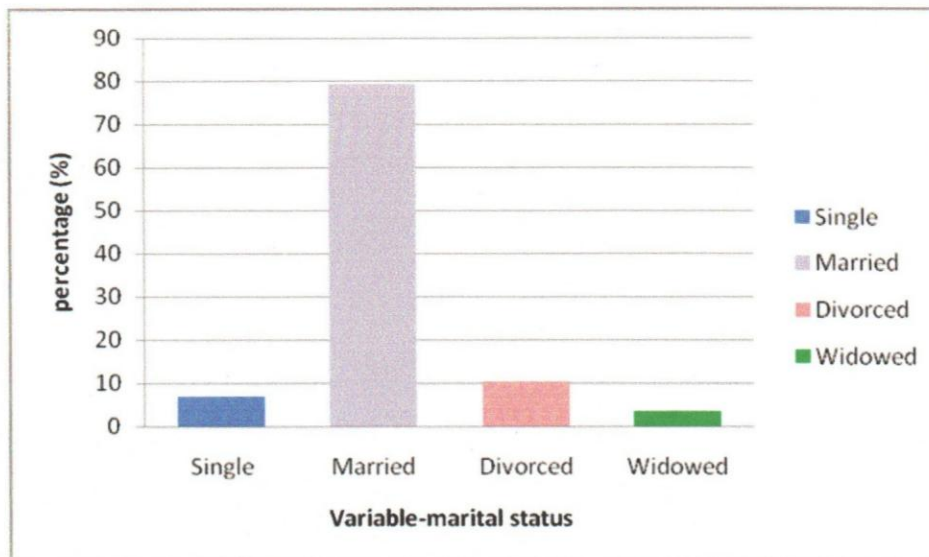


Table 4.2: Frequency and Percentages showing Marital Status of Respondents

Variable-marital status	Frequency	Percentage (%)
Single	2	6.90
Married	23	79.31
Divorced	3	10.35
Widowed	1	3.45
Total	29	100

(Source: field survey, July 2013)

Figure 4.2: Marital Status of Respondents



(Source: field survey, July 2013)

As observed from the table, 6.90% of the respondents were single, 79.31% were married, 10.35% were divorced and 3.45% were widowed. The majority of the respondents fall within the heavily responsible category that may demand more financial assistance.

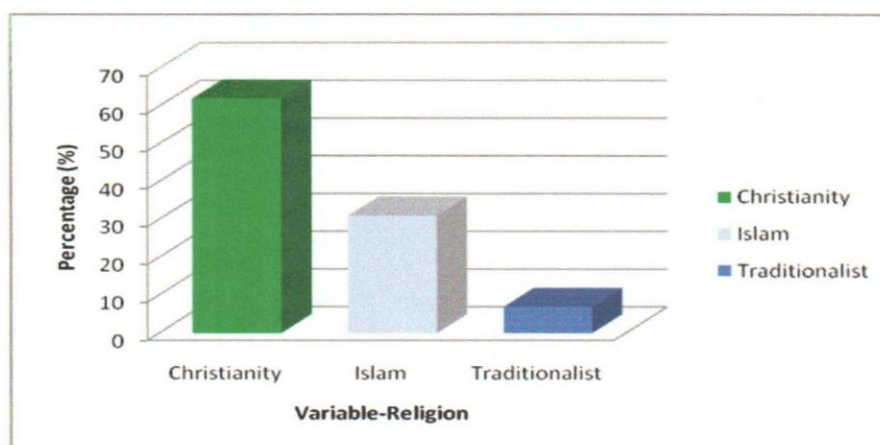
Marriage in the traditional setting to some extent determines a woman's status and responsibility in the community. There fore, lenders and microcredit institutions may prefer offering credit to married and responsible women whose partners can serve as a guarantee and security for their loans (Businge F., 2009). More responsible women have much financial commitments and may borrow funds for start-up capital or their family up-keep.

Table 4.3: Shows Frequency and Percentages of Respondents' Religious Affiliation:

Variable-Religion	Frequency	Percentage (%)
Christianity	18	62.07
Islam	9	31.04
Traditionalist	2	6.90
Total	29	100

(Source: field survey, July 2013)

Figure 4.3: Respondents Religious Affiliation



(Source: field survey, July 2013)

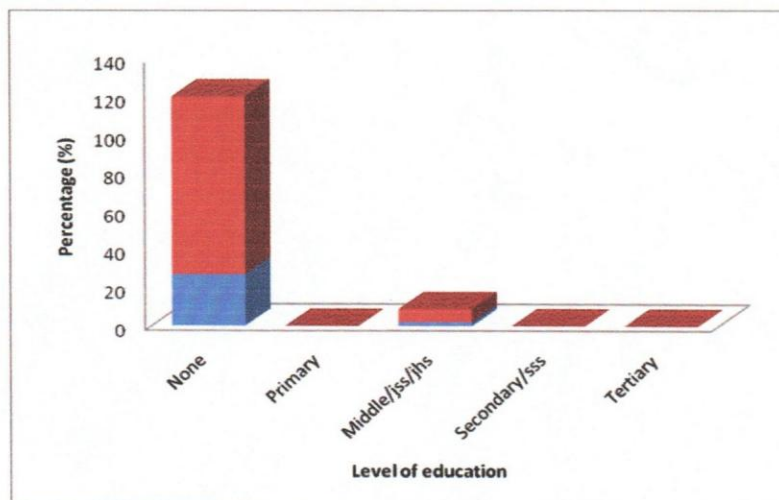
62.07% representing 18 respondents were Christians, 31.04% were Muslims and 6.90% were traditionalist as displayed on the table above. This indicates that majority of the respondents are religiously inclined to inform their actions. Religious affiliation of an individual demonstrates her spiritual and moral standing in the society. This may be an indication that such borrowers will fulfill their loan obligations.

Table 4.4: Frequency and Percentages Showing the Level of Education of Respondents:

Level of Education	Frequency	Percentage (%)
None	27	93.10
Primary	0	0
Middle/ JSS/ JHS	2	6.90
Secondary/ SSS	0	0
Tertiary	0	0
Total	29	100

(Source: field survey, July 2013)

Figure 4.4: Level of Education of Respondents



(Source: field survey, July 2013)



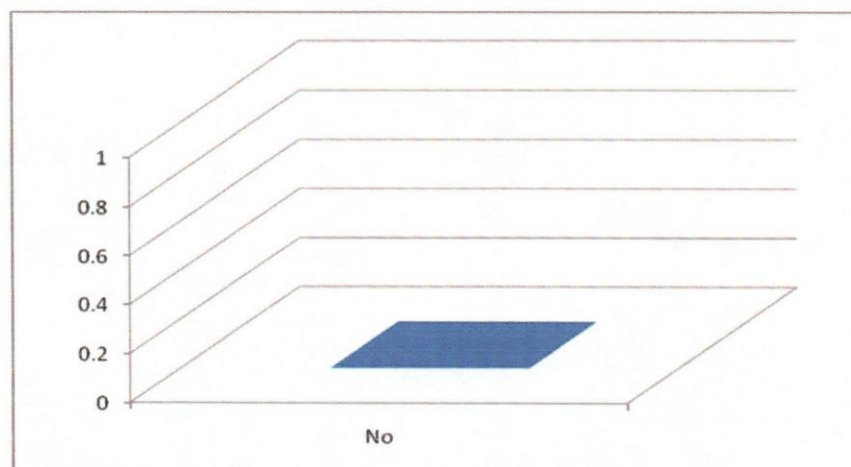
93.10% of the respondents representing the majority of 27 women have not had any formal education, 6.90% representing 2 respondents had formal education up to the middle/ JSS level. Though respondents' level of education is not a requirement for accessing microcredit, it is vital in terms of processing loan application forms and the efficient and effective utilization of microcredit.

Table 4.5: Yes and No response of respondents as to whether they have any other job apart from shea butter extraction:

Item	Yes	No	Total
Do you have any job apart from shea butter extraction?	0(0%)	29 (100%)	29 (100%)

(Source: field survey, July 2013)

Figure 4.5: Response to whether they have any job besides shea butter extraction



(Source: field survey, July 2013)



All respondents agreed that they had no other job apart from shea butter extraction representing 100%. This indicates that the only source of income and livelihood that can transform their socio-economic status depends on their shea butter extraction activities. This implies they may be seriously in need of financial assistance to help them expand their businesses and meet other family responsibilities.

4.2 Access to Microcredit

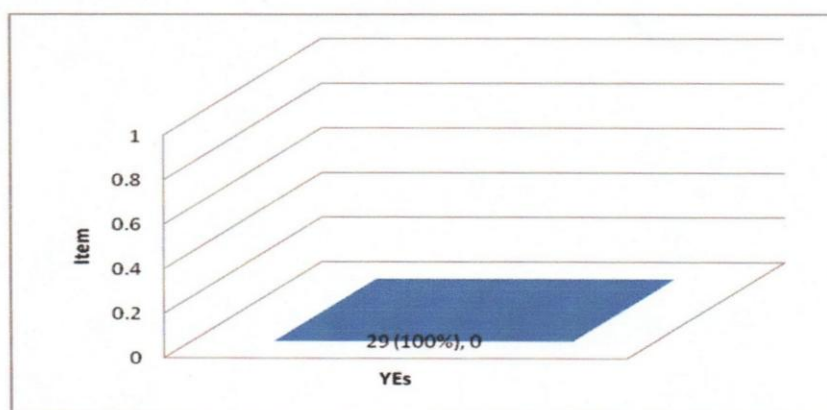
This section deals with respondents desire to borrow and their ability to have access to microcredit services.

Table 4.6 shows yes and no response to whether respondents desire to borrow:

Item	Yes	No	Total
Do you some times wish to access (take) credit?	29(100%)	0(0%)	29(100%)

(Source: field survey, July 2013)

Figure 4.6: Response to whether respondents desire to borrow



(Source: field survey, July 2013)

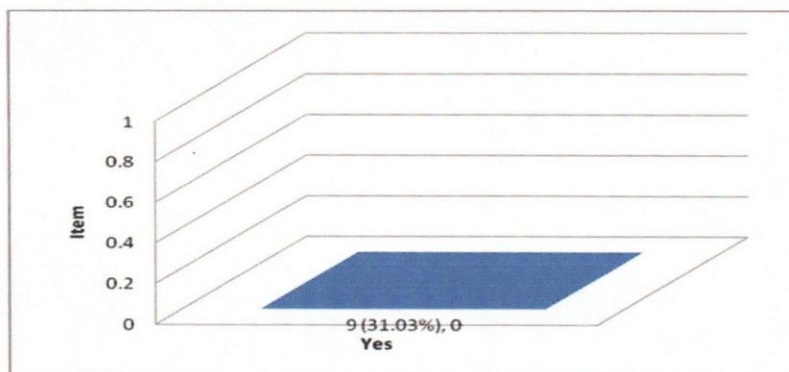
From the table above, all 29 respondents accepted that they desire to borrow representing 100%, with none objecting. This overwhelming agreement may be due to their high need for credit to finance their business and family up-keep that may translate into improved income and eventually affects their socio-economic empowerment.

Table 4.7: Shows yes or no response to whether respondents have access to microcredit when they need it:

Item	Yes	No	Total
Do you have access to credit when you need it?	9(31.03%)	20(68.97%)	29(100%)

(Source: field survey, July 2013)

Figure 4.7: Response to whether they have access to credit when they need it



(Source: field survey, July 2013)

20 of the respondents representing 68.97% said they don't have access to microcredit when they need it. On the contrary, 9 of them representing 31.03% indicated that they have access to microcredit when they need it. It can be seen from the table above that majority of the respondents up to 69% do not have access to microcredit. This demonstrates that the effort of development stake holders such as NGOs, Microcredit



institutions, financial institutions and the Government to increase access to microcredit for the rural poor is not yielding the desired fruits.

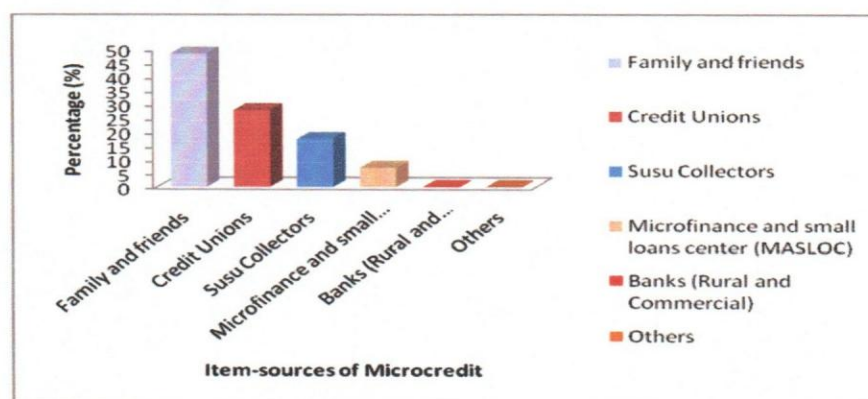
The response agrees with the assertion by Grameen Ghana (2013), that there are more women in the rural areas without access to microcredit services that are waiting to have their turn.

Table 4.8: Shows frequency and percentages of sources from which respondents' access microcredit:

Item-sources of Microcredit	Frequency	Percentage (%)
Family and friends	14	48.28
Credit Unions	8	27.59
Susu Collectors	5	17.24
Microfinance and small loans center (MASLOC)	2	6.90
Banks (Rural and Commercial)	0	0
Others	0	0
Total	29	100

(Source: field survey, July 2013)

Figure 4.8: Sources from which respondents access microcredit



(Source: field survey, July 2013)



From the table above, 14 of the respondents representing 48.28% indicated that they access microcredit from family and friends. 27.59% representing 8 respondents access credit from credit unions. 17.24% representing 5 respondents indicated that they access microcredit from susu collectors. 6.90% representing 2 respondents identified MASLOC as a source for accessing credit. As displayed on the table above, majority of the respondents borrow from family members and friends possibly because they may not be required to provide collateral or payback loans with interest.

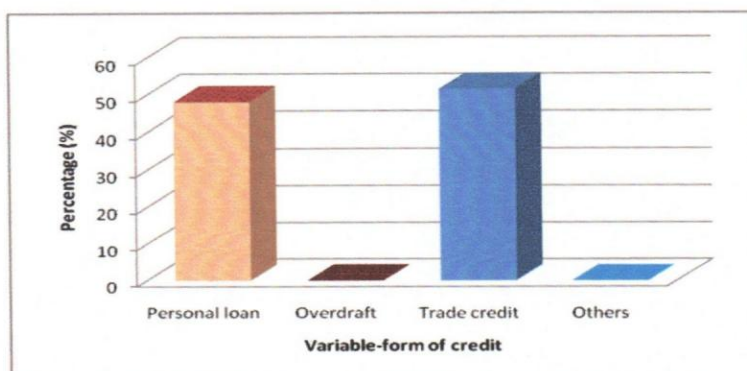
This responds indicates that respondents are aware of the existence of microcredit institutions. The issue then is whether they are able to obtain credit from them. A low percentage of 6.90% in relation to MASLOC indicates that the government's aim to eradicate rural poverty and promote the development of Small and Medium Enterprises (SMEs) through the establishment of MASLOC is not living up to expectation. Also, 0% access from banks could be as a result of the non- existence of any bank in the study area. An informal discussion with some respondents revealed that one can only borrow from Credit Unions and Susu Collectors if she is a registered member and also save with them.

Table 4.9: Shows respondents' response to what form they access credit presented with frequency and percentages:

Variable-form of credit	Frequency	Percentage (%)
Personal loan	14	48.28
Overdraft	0	0
Trade credit	15	51.72
Others	0	0
Total	29	100

(Source: field survey, July 2013)

Figure 4.9: Respondents response to what form they access credit



(Source: field survey, July 2013)

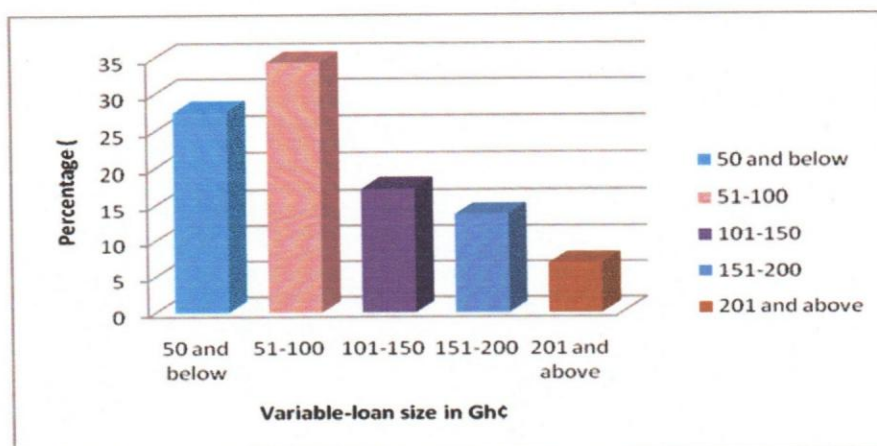
From the table above, 48.28%, representing 14 respondents access credit in the form of personal loans. The majority of the respondents of 51.72% access credit in the form of trade credit. This implies that the credit is obtained in the form of raw material (shea nuts) used for processing shea butter with payment made at an agreed future date. Basically, credit is either accessed as personal loan or trade credit as displayed above.

Table 4.10: Displays how much loan respondents can access at a time with frequencies and percentages:

Variable-loan size in Gh₵	Frequency	Percentage (%)
50 and below	8	27.59
51-100	10	34.48
101-150	5	17.24
151-200	4	13.79
201 and above	2	6.90
Total	29	100

(Source: field survey, July 2013)

Figure 4.10: How much loan respondents can access at a time



(Source: field survey, July 2013)

Table 4.10 shows how much credit respondents can access at a time. 27.59% representing 8 respondents can access Ghc 50 and below, 34.48% representing the majority of the respondents can access between Ghc 51-100. 17.24% can access between Ghc 101-150, 13.79% representing 4 respondents can access between Ghc 151-200, and 6.90% can access up to Ghc 201 and above.

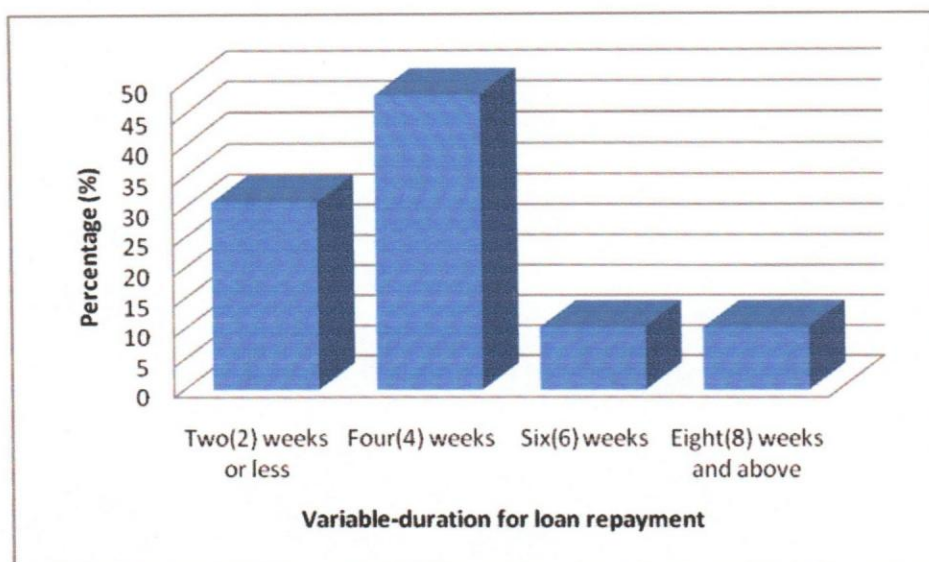
Ghc 51-100 is woefully inadequate for business expansion and improved income that can result into socio-economic empowerment.

Table 4.11: Shows response of respondents to how long it takes them to payback loans:

Variable-duration for loan repayment	Frequency	Percentage (%)
Two(2) weeks or less	9	31.04
Four(4) weeks	14	48.28
Six(6) weeks	3	10.35
Eight(8) weeks and above	3	10.35
Total	29	100

(Source: field survey, July 2013)

Figure 4.11: Response to how long it takes to payback loans



(Source: field survey, July 2013)

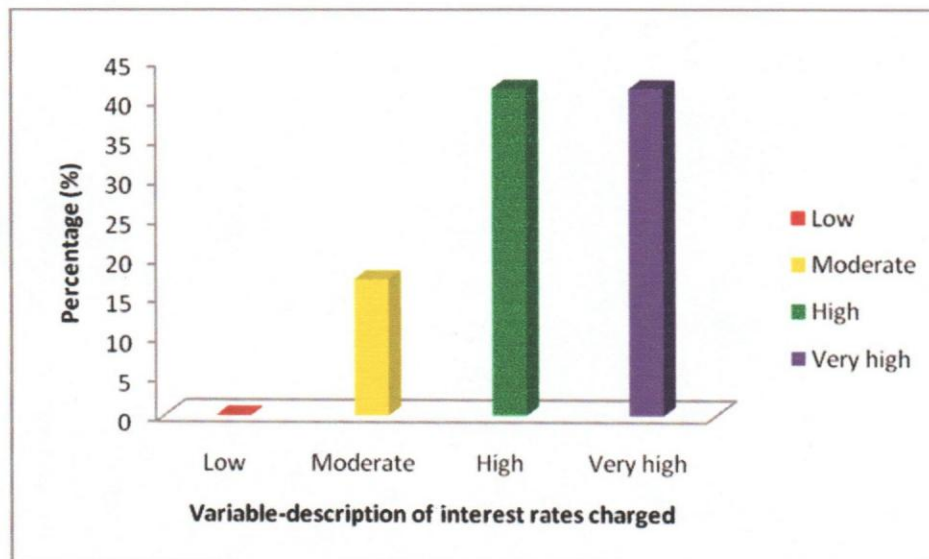
From the table above, 31.04% representing 9 respondents payback their loans within two(2) weeks or less, The majority of 48.28% representing 14 respondents had four(4) weeks to payback credit, 10.35% representing 3 respondents each have six(6) weeks and eight(8) weeks and above respectively to settle debts. Four(4) weeks according to respondents is insufficient to enable them invest to generate enough income to support their socio-economic activities.

Table 4.12: Shows how respondents describe the interest rates charged

Variable-description of interest rates charged	Frequency	Percentage (%)
Low	0	0
Moderate	5	17.24
High	12	41.38
Very high	12	41.38
Total	29	100

(Source: field survey, July 2013)

Figure 4.12: Respondents description of interest rates charged



(Source: field survey, July 2013)

From table 4.12 above, 17.24% representing 5 respondents described the interest rates as moderate. There is however, a mixed feeling as to whether the rates are high or very high as 12 respondents representing 41.38% each described them as high and very high respectively. This response agrees with the assertion of Maroju V. (2007), that large

volumes of smaller payments is the major reason for the high operating cost of microcredit institutions that ultimately results in higher interest rates for clients.

4.3 How women in commercial shea-butter extraction in Sawla access micro-credit

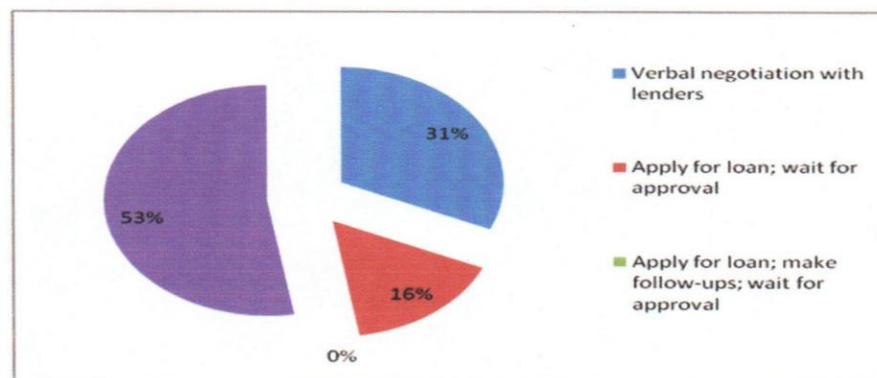
This section looks at the processes women in shea butter extraction in Sawla go through when accessing microcredit.

Table 4.13: Shows the response of respondents to what processes they go through in accessing credit

Variable- the processes of accessing credit	Frequency	Percentage (%)
Verbal negotiation with lenders	6	20.69
Apply for loan; wait for approval	3	10.35
Apply for loan; make follow-ups; wait for approval	10	34.48
Complete application form; hands it over to MCI; make follow-ups; wait for approval.	10	34.48
Total	29	100

(Source: field survey, July 2013)

Figure 4.13: Processes in accessing credit by respondents



(Source: field survey, July 2013)



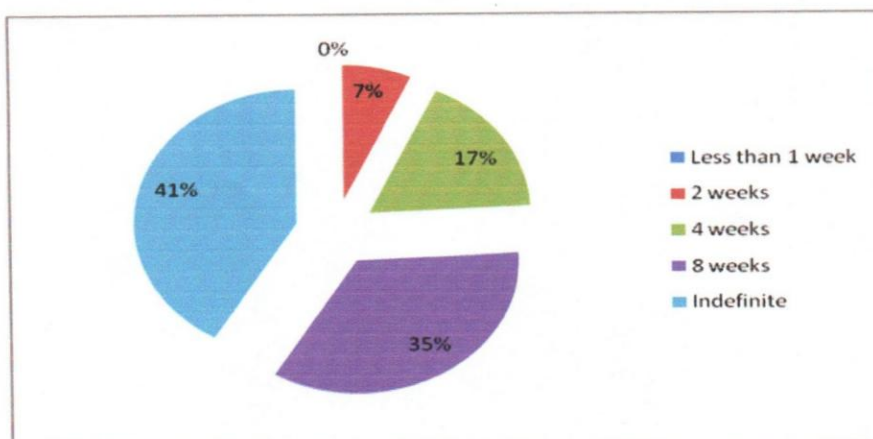
From table 4.13 above, 20.69% of the respondents stated that they verbally negotiate credit agreement with lenders. 10.35% said they apply in writing and then wait for approval from the lender. 34.48% representing the majority of 10 respondents indicated that after application, they make follow-ups, and then wait for approval. 34.48% also said they complete the application form of the lending institution, hands it over, make follow-ups, and finally wait for approval. From the above analysis, it implies that majority of the respondents have to make follow-ups after handing over their applications. This might lead to frustration and disappointment in accessing credits. This is contrary to the process of completing application form; handing it over and waiting for response from the lending institution identified by the Credit Information Bureau (India) Limited (CIBIL) (2010).

Table 4.14: Shows the duration taken for loans application to be approved

Duration for approving loan applications	Frequency	Percentage (%)
Less than 1 week	0	0
2 weeks	2	6.90
4 weeks	5	17.24
8 weeks	10	34.48
Indefinite	12	41.38
Total	29	100

(Source: field survey, July 2013)

Figure 4.14: Duration for loan applications to be approved



(Source: field survey, July 2013)

From table 4.14 above, 6.90% of the respondents agreed that loan applications are approved in two weeks, 17.24% said they are approved in four weeks, 34.48% said applications are approved in eight weeks, while the majority of 12 respondents representing 41.38% agreed to indefinite. This implies that after application the borrower hears nothing from the lending institution. From the table most respondents need to wait for two months before getting loans which is not suitable for business growth and development.

4.4 The effects of microcredit access on the lives of women in commercial shea-butter extraction

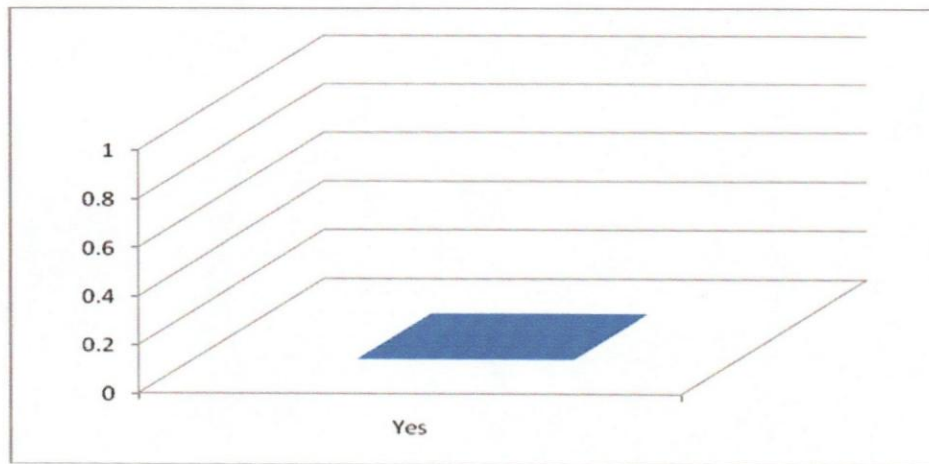
This section deals with how access to microcredit can affect the socio-economic status of women in shea butter extraction at Sawla.

Table 4.15: Shows yes and no response to whether there are any benefits of having access to microcredit.

Item	Yes	No	Total
Are there any benefits of having access to microcredit?	29(100%)	0(0%)	29(100%)

(Source: field survey, July 2013)

Figure 4.15: Response to whether there are any benefits of having access to credit



(Source: field survey, July 2013)

From the table, all 29 respondents representing 100% agreed there are benefits of having access to microcredit. This overwhelming agreement implies that having access to microcredit can help improve the socio-economic status of respondents.

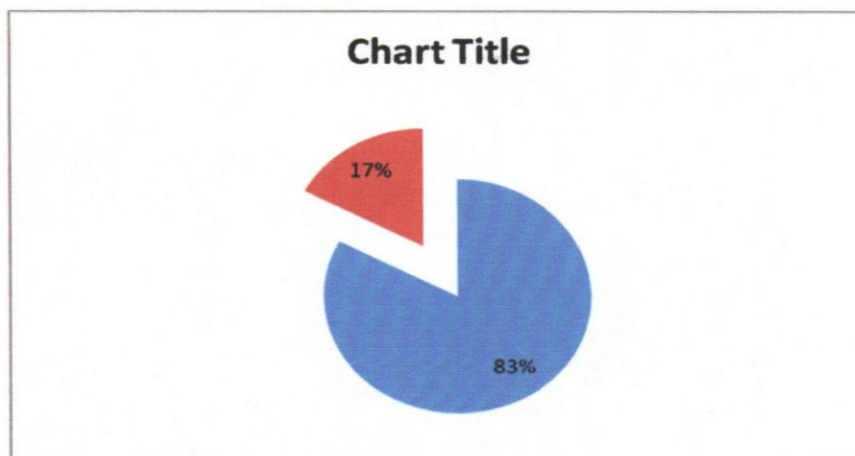


Table 4.16: Frequency and percentages showing the response of respondents on the benefits they can derive from having access to microcredit

Benefits derived from having access to microcredit	Frequency	Percentage (%)
Increased capital; business expansion; increased income; higher profit; ability to buy property, like a house; ability to feed the family; ability to pay medical expenses; ability to pay school fees; ability to buy clothing and ability to meet unforeseen expenditure, eg. funeral donations.	24	82.76
Increase in capital; expansion of business; and higher profit.	5	17.24
Total	29	100

(Source: field survey, July 2013)

Figure 4.16: Benefits of having access to microcredit



(Source: field survey, July 2013)



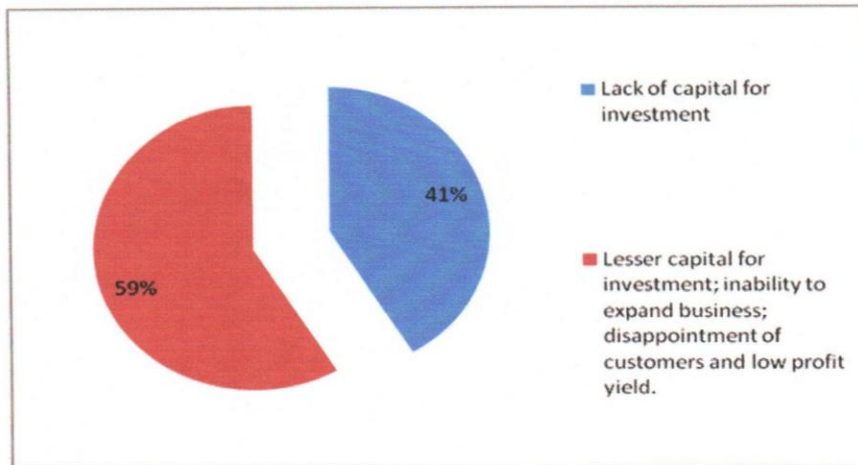
From the table above 82.76% representing 24 respondents stated Increased capital; business expansion; increased income; higher profit; ability to buy property, like a house; ability to feed the family; ability to pay medical expenses; ability to pay school fees; ability to buy clothing and ability to meet unforeseen expenditure, eg. Funeral donations as benefits they can derive from having access to microcredit. These benefit if realized will result in the socio-economic empowerment of respondents. 17.24% said having access to credit will enable them increase their capital, expand their business and make higher profits.

Table 4.17: Shows response of respondents to the effects of having no access to microcredit on their business

Effects of having no access to credit on shea butter business	Frequency	Percentage (%)
Lack of capital for investment	12	41.38
Lesser capital for investment; inability to expand business; disappointment of customers and low profit yield.	17	58.62
Total	29	100

(Source: field survey, July 2013)

Figure 4.17: Effects of having no access to credit on respondents' business



(Source: field survey, July 2013)

From table 4.17 above, 41.38% representing 12 respondents cited lack of capital for investment as the effect of having no access to credit, while the majority of 58.62% of the respondents cited: lesser capital for investment; inability to expand business; disappointment of customers and low profit yield. Customers may be disappointed if the business fails to meet their request for products. This can eventually result into low profit yield.

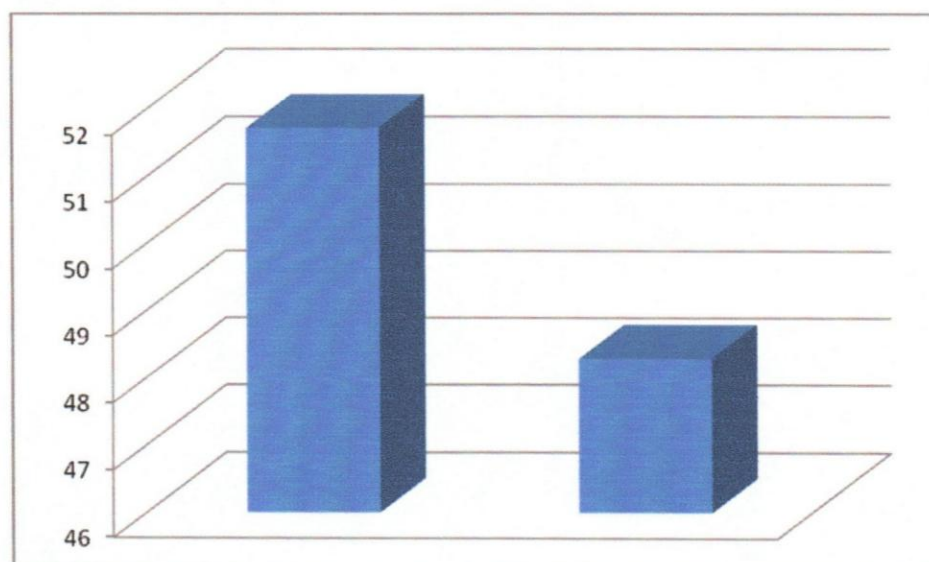


Table 4.18: Frequency and percentage showing respondents response to the effects of having no access to credit on their family life

Variable-Effects of having no access to credit on the family life of respondents	Frequency	Percentage (%)
Inability to provide better food; difficulty in paying health care expenses; inability to pay children's school fees; difficulty in purchasing clothing and soap; and inability to meet unforeseen expenses eg. social donations.	15	51.72
Lack of source of income; inability to pay rent; and inability to buy property such as cooking utensils, land, building etc.	14	48.28
Total	29	100

(Source: field survey, July 2013)

Figure 4.18: Effects of having no access to credit on respondents' family life



(Source: field survey, July 2013)

From table 4.18 above, 51.72%, representing 15 respondents enumerated: Inability to provide better food; difficulty in paying health care expenses; inability to pay children's school fees; difficulty in purchasing clothing and soap; and inability to meet unforeseen expenses eg. social donations as the effects of having no access to credit on their family life. 48.28% of them cited:

Lack of source of income; inability to pay rent; and inability to buy property such as cooking utensils, land, and building. This implies that the socio-economic status of these women will be seriously affected by lack of access to microcredit service. This can be supported by Lisa Whatley, (2008) definition that empowerment refers to increasing the spiritual, social or economic strength of individuals and communities.

4.5 Challenges of accessing microcredit by women in shea butter extraction at Sawla

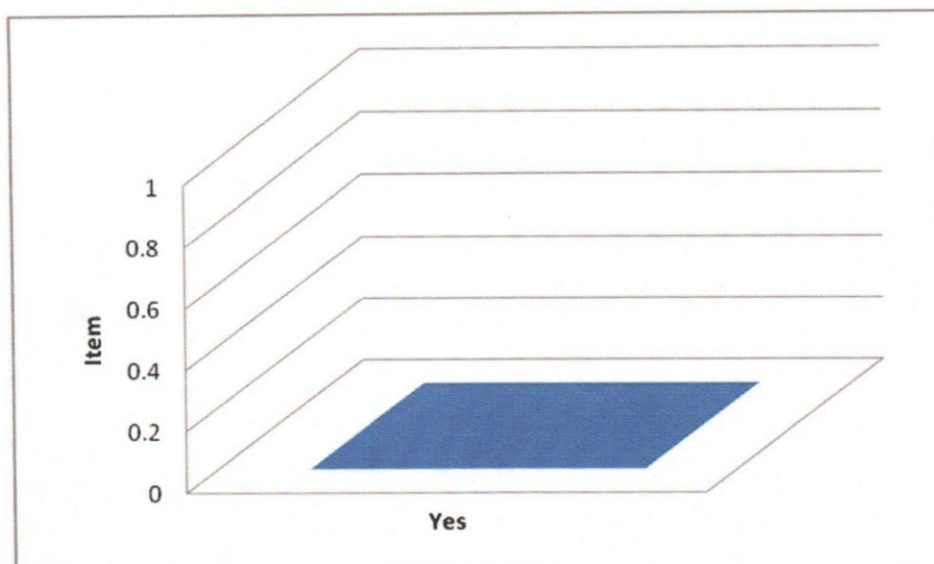
This section of the analysis covers any difficulties respondents encounter in accessing microcredit.

Table 4.19: Yes and no response to whether respondents face any challenges in accessing microcredit

Item	Yes	No	Total
Do you face any challenges in accessing microcredit?	29(100%)	0(0%)	29(100%)

(Source: field survey, July 2013)

Figure 4.19: Response to whether there are any challenges in accessing credit



(Source: field survey, July 2013)

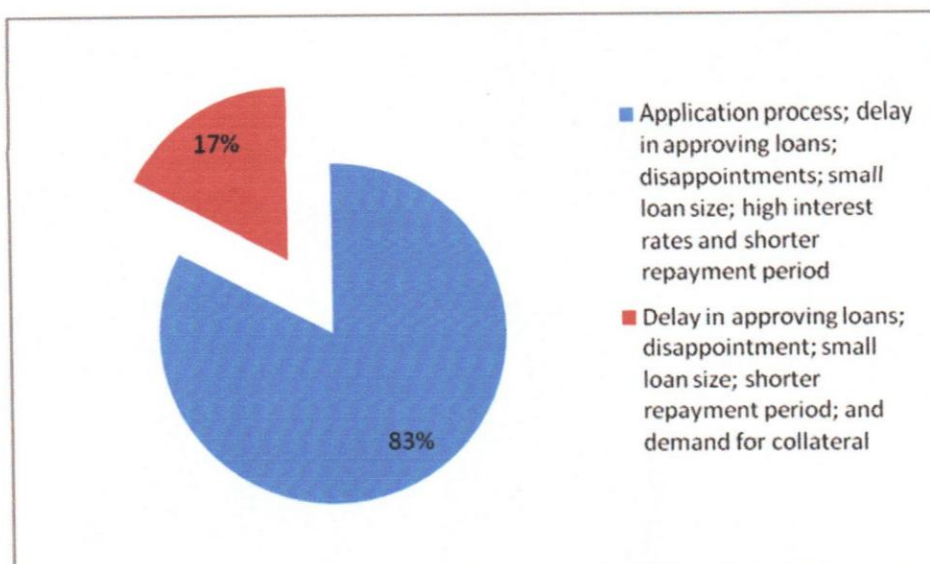
From the table above, all 29 respondents representing 100% agreed that they face difficulties in accessing microcredit. This implies that each respondent encounter one challenge or another in an attempt to access microcredit.

Table 4.20: Frequency and percentages showing challenges faced by respondents in accessing microcredit

Challenges faced in accessing microcredit by respondents	Frequency	Percentage (%)
Application process; delay in approving loans; disappointments; small loan size; high interest rates and shorter repayment period	24	82.76
Delay in approving loans; disappointment; small loan size; shorter repayment period; and demand for collateral	5	17.24
Total	29	100

(Source: field survey, July 2013)

Figure 4.20: Challenges faced in accessing microcredit



(Source: field survey, July 2013)

From the table above, 82.76% of the respondents identified: Application procedure; delay in approving loans; disappointment; small loan size; high interest rates and shorter repayment period as challenges faced in accessing microcredit. Application process is identified here possibly because of the high illiteracy level of the respondents. This implies that they may have to engage the services of literate persons to enable them write application letters or complete application forms. This might pose some difficulty for them. 17.24% of the respondents cited: Delay in approving loans; disappointment; small loan size; shorter repayment period; and demand for collateral as challenges they encounter. From the table, it is obvious that all respondents have identified; delay in approving loans; disappointment; small loan size; and shorter repayment period as challenges.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This section presents findings, conclusions and recommendations drawn from the study data analysis and interpretations.

5.1.0 Findings

This section of the research outlines the opinions, views and feelings of respondents.

5.1.1 Access to microcredit for Women in Shea Butter Extraction at Sawla

Credit is one sure way of raising capital for investment by entrepreneurs to generate income, make profit in order to satisfy social and economic needs of individuals and households.

The study revealed that although all respondents are willing and desired to borrow at one time or another, the majority of 69% of them do not have access to microcredit. The study also found that respondents who are able to borrow do so from friends and family members. It was uncovered that the major form of credit for respondents is “trade credit”, where by the raw materials (shea nuts) are purchased on credit with payment made at an agreed future date, possibly after the sale of shea butter produced. It was identified that the few who borrow had very small loan size coupled with high interest rates.



5.1.2 The process of Accessing Microcredit

The study found that 20.69% of respondents are engaged in verbal negotiation with lenders for credit, while the majority of 34.48% write or complete application forms, make follow-ups and then wait for approval or response from lending institutions. It was discovered that most respondents wait indefinitely for their loan applications approval. This implies that, after putting in the applications, they hear nothing from the lending institutions as they get fed-up with making follow-ups.

5.1.3 Effects of microcredit access on the lives of women in shea butter extraction at Sawla:

From the study all respondents were found to agree that there benefits of having access to microcredit. Some of the benefits identified includes: Source of capital for investment; business expansion; higher profit yield; ability to feed the family better; ability to purchase property such as cooking utensils, land or house; the ability to pay medical expenses, school fees, buy clothing and also meet unforeseen expenditure. This leads to having courage to contribute to household decision-making by women. The realization of these eventually results in the socio-economic empowerment of women as noted by Mayoux (1998) that, increasing women's access to micro-credit has the tendency to initiate a series of 'virtuous spirals' of socio-economic empowerment.

The study found that the respondents are socio-economically not empowered because they lack access to microcredit that could enable them to raise enough capital, invest or expand their shea butter businesses to generate more income and profit to meet their socio-economic needs enumerated above.



5.1.4 Challenges of accessing microcredit by women in shea butter extraction at Sawla:

The challenges identified by the study included:

- Cumbersome application procedures
- Delay in approving loan applications
- Disappointment
- Small loan size
- High interest rates and
- Provision of collateral or guarantors

The provision of collateral and high interest rates was similarly identified in previous researches by Azaayam J. (2008) and Quaye N. O. (2011) as challenges faced in accessing microcredit.

5.2 Conclusion

It was found that most people know of about microcredit institutions operations and were willing to borrow funds from them. It was however, revealed that majority of the respondents do not have access to credit though they are willing to borrow. Most respondents access credit from family members and friends possibly because it is easy and economical. That is, they may not need to apply in writing or pay interest on the funds borrowed. It was further observed that the lack of access to microcredit does not promote the socio-economic empowerment of women.



This is because they will be unable to perform the functions that will lead to their socio-economic empowerment revealed by the data gathered and analyzed.

There are however other factors which can help promote the socio-economic empowerment of women alongside having access to microcredit. These may include proper management and utilization of credit or loans, capacity building and training for women entrepreneurs, moderate interest rates and eschewing any form of discrimination against women.

5.3 Recommendations

1. Government should further make effort to increase and expand access to microcredit through the MASLOC program. The program should be decentralized to ensure that loan applications and processing are carried out in the various Districts instead of processing them at the regional level. Processing applications at the Districts will help speed up the approval and disbursement of credit to beneficiaries on time. Also, the application process should be simplified to meet the ability of the illiterate rural poor folk.

2. Microcredit institutions should the amount of funds that the poor can access to enable them engage in businesses that will lead to increased productivity and eventually socio-economic empowerment. Credit institutions should also design better procedures that will make the processing of credit faster and easier for borrowers. It is important for microcredit institutions to charge moderate interest rates so as to attract more clients. They should also extend their services to the more rural areas to ensure better accessibility for rural poor women.



3. Microcredit clients should be sincere, faithful and committed to paying back their loans to ensure the sustainability of microcredit institutions. This will make it possible for more people to benefit.



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APPENDIX

UNIVERSITY FOR DEVELOPMENT STUDIES

SCHOOL OF GRADUATE STUDIES

FACULTY OF EDUCATION, LAW AND BUSINESS STUDIES (FELBS)

MA BUSINESS PLANNING AND MICROFINANCE MANAGEMENT

INTERVIEW GUIDE/ QUESTIONNAIRE

TOPIC: ACCESS TO MICRO-CREDIT AND THE SOCIO-ECONOMIC EMPOWERMENT OF WOMEN IN COMMERCIAL SHEA-BUTTER EXTRACTION AT SAWLA

This is basically an academic research on the topic stated above. You are assured of anonymity and confidentiality of every information provided for this study. Please answer the questions candidly by choosing the option(s) best suitable for you from questions with multiple choice answers. Give details of your opinion about questions without multiple choice answers. Many thanks for accepting to complete this interview schedule or questionnaire.

A Socio-demographic data:

1. Age group a) 15- 19 years b) 20-24 years c) 25-29 years d) 30-34 years e) 35years and above.
2. Marital status a) Single b) Married c) Divorced d) Widowed
3. Religion a) Islam b) Christianity c) Traditionalist



d) Others specify

4. Level of education a) None b) Primary c) Middle/JSS/JHS

d) Secondary/SSS/SHS e) Tertiary

5. Do you do any other job apart from shea-butter extraction? a) No b) Yes,

if yes specify

B Access to micro-credit:

6. Do you some times wish to access (take) credit?

a) Yes b) No if yes proceed to question eight (8)

7. If no to question six (6), why?

.....

.....

(proceed to question 16-19).

8. Do you have access to credit when you need it? a)Yes b)No

9. From what sources do you access microcredit?

a) Family members and friends

b) Credit Unions

c) Susu Collectors

d) Microfinance and Small Loans Center (MASLOC)

e) Banks (Rural or Commercial)

f) Others specify

.....



10. In what form do you access credit?

- a) Personal loan b) overdraft c) trade credit d) others specify

11. How much can you access at a time?

- a) Gh¢ 50 and below b) Gh¢ 51- 100 c) Gh¢ 101- 150 d) Gh¢151- 200
e) Gh¢ 201 and above

12. How long does it take you to pay back loans or credits?

- a) Two weeks or Less b) four weeks c) six weeks d) eight weeks and above

13. How can you describe the interest rates charged? a)low b)moderate c)high d)very high.

C How women in commercial shea-butter extraction in Sawla access micro-credit:

14. What processes do you go through when accessing microcredit?

.....
.....
.....

15. How long does it take for loans application to be approved?

- a)less than 1 week b)2 weeks c)4 weeks d)8 weeks e)indefinite

D Effects of microcredit access on the lives of women in commercial shea-butter extraction in Sawla:

16. Are there any benefits of having access to microcredit? a)Yes b)No

17. What benefits do you think you can derive from having access to microcredit?

.....

.....

.....

.....

.....

18. What effects do you think, having no access to microcredit can have on your shea-butter business?

.....

.....

.....

19. What effects do you think having no access to credit can have on you and your family life?

.....

.....

.....



E. Challenges of accessing microcredit by women in shea butter extraction at Sawla:

20. Do you encounter any challenges when accessing microcredit?

- a) Yes b) No

21. If yes to question 18 above, what are some of these challenges?

.....

.....

.....

